

MUSINA LOCAL MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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APPROVAL AND CERTIFICATION

I am responsible for the preparation of these annual financial statements in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 25 and 26 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

ACTING MUNICIPAL MANAGER
P NNDWA

DATE

ACTING CFO
SJ PRETORIUS

DATE

GENERAL INFORMATION

COUNCILLORS

Mayor	C Mahasela	05/12/2000 - 18/05/2011
Councillor	S Mlati	01/06/2009 - 18/05/2011
Councillor	G Ramushwana	05/12/2000 - 18/05/2011
Councillor	GK Sethlako	05/12/2000 - 18/05/2011
Councillor	PM Mulaudzi	08/03/2006 - 18/05/2011
Councillor	E Pesulo	08/03/2006 - 18/05/2011
Councillor	MC Nethavani	08/03/2006 - 18/05/2011
Councillor	MS Phiri	08/03/2006 - 18/05/2011
Councillor	ES Shirilele	08/03/2006 - 18/05/2011
Councillor	J Ellis	08/01/2009 - 18/05/2011
Councillor	MM Sithole	08/03/2006 - 18/05/2011

OFFICE TERM

COUNCILLORS

Mayor	CM Phiri	19/05/2011
Councillor	J Banda	19/05/2011
Councillor	ME Ramoyada	19/05/2011
Councillor	ES Shirilele	19/05/2011
Councillor	MF Mafela	19/05/2011
Councillor	SM Phiri	19/05/2011
Councillor	SFL Ndlovu	19/05/2011
Councillor	LB Ndou	19/05/2011
Councillor	GN Milanzi	19/05/2011
Councillor	SJ Kaunda	19/05/2011
Councillor	PS Tlou	19/05/2011

DATE APPOINTED

GRADING OF COUNCIL

Grade 2

AUDITORS

Auditor - General

BANKERS

ABSA Limited

REGISTERED OFFICE

Civic Centre
21 Irwin Street
Musina
0900

Private Bag X611
Musina
0900

Telephone number

015 - 534 6100

Fax number

015 - 534 2513

ACTING MUNICIPAL MANAGER

P NNDWA

ACTING CHIEF FINANCIAL OFFICER

SJ PRETORIUS
DIPL LOCAL GOVERNMENT FINANCE
E-MAIL: DCFO@MUSIN.GOV.ZA

PROVINCIAL TREASURY

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NATIONAL TREASURY

NAME

BERNARD MOKGABUDI

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bernard.mokgabudi@treasury.gov.za

STATEMENT OF FINANCIAL POSITION			
as at			
30 JUNE 2011			
	Note	2011	2010
NET ASSETS & LIABILITIES			
Net Assets		185 038 860	150 049 827
Revaluation Reserve	3	74 953 353	63 859 283
Accumulated surplus/(deficit)	4	110 085 507	86 190 544
Non-current liabilities		13 955 882	15 074 479
Long-term liabilities	5	13 955 882	15 074 479
Current liabilities		78 656 768	76 852 563
Consumer deposits	6	3 263 661	2 799 762
Provisions	7	2 267 502	1 847 611
Trade and other payables	8	62 955 384	57 378 391
SARS	8	2 735 885	1 401 170
Unspent conditional grants and receipts	9	6 160 953	9 004 553
Current portion of long term liabilities	5	1 273 384	4 421 076
Total Net Assets and Liabilities		277 651 510	241 976 868
ASSETS			
Non-current assets		146 405 192	136 003 051
Property, plant & equipment	10	107 198 766	98 113 312
Intangible Assets	10 A	86 681	172 094
Investment Assets	10 B	35 241 000	35 706 000
Investments	12	3 878 745	2 011 645
Non-current receivables	13		
Current assets		131 246 318	105 973 818
Inventory	14	103 839 935	81 415 041
Consumer debtors	15	10 239 155	8 304 453
Other receivables	16	11 031 277	15 148 349
Cash and cash equivalents	17	6 135 952	1 105 974
Total Assets		277 651 511	241 976 869

STATEMENT OF FINANCIAL PERFORMANCEfor the year ended
30 June 2011

		Actual 2011	Actual 2010
REVENUE			
	Note		
Property rates	18	10 452 708.43	9 457 596
Electricity	19	53 828 928.35	40 994 742
Electricity Unmetered Consumptions	19	189 099.32	754 842
Refuse Removal	19	6 029 938.03	5 016 918
Rental of facilities and equipment	20	995 265.42	226 443
Fines		1 302 820.00	444 496
Licenses and permits		2 361 495.80	2 343 577
Revenue unspent grant - Capital	9	2 921 572.99	50 276
Government grants and subsidies received - operating	21	27 795 257.00	23 424 330
Government grants and subsidies received - capital	21	8 552 027.77	7 902 796
Other revenue	22	14 208 326.18	1 044 953
Gain on Non exchange transactions		-	783 000
SUB TOTAL REVENUE		128 637 439.29	92 443 967
Finance Income			
Investment Revenue – external investments	23	169 601.98	67 228
Interest earned – outstanding debtors	24	1 447 504.56	799 678
TOTAL REVENUE		130 254 545.83	93 310 873
EXPENDITURE			
Employee related costs	25	32 475 978.98	25 481 360
Remuneration of councillors	26	2 975 719.25	2 938 625
Bad debts		1 273 775.51	58 521
Collection costs		16 527.14	31 338
Depreciation	27	3 321 349.56	4 948 195
Amortisation		-	188
Repairs and maintenance		4 422 976.51	4 793 500
Bulk purchases Electricity	29	30 105 151.13	28 933 065
Contributions to Provision for Leave	7	537 627.67	1 892 897
Prov Environmental	7	419 890.57	232 811
Contracted services (Security)	30	2 290 430.41	2 711 938
Grants & Subsidies paid	31	3 750 000.00	3 485 000
General expenses	32	18 063 070.46	26 268 107
Disposal of property, plant and equipment		1 408 380.51	3 884 563
EXPENDITURE BEFORE FINANCE COST		101 060 877.70	105 660 108
FINANCE COST			
Interest paid	28	1 606 744.20	2 312 617
TOTAL EXPENDITURE		102 667 621.90	107 972 726
Surplus/(deficit) for the year		27 586 923.93	(14 661 852)
NET SURPLUS/(DEFICIT) FOR THE YEAR		27 586 923.93	(14 841 360)

STATEMENT OF CHANGES IN NET ASSETS
for the year ended 30 June 2011

	Revaluation Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R
2010			
Correction of error	-	-	-
Changes in accounting estimate	-	-	-
Restated balance	82 528 503	103 519 893	186 048 394
Net surplus for the year	-	(14 841 360)	(14 841 360)
Corrections prior year (note 33)	(18 669 220)	3 752 011	(14 917 209)
Property, plant and equipment purchased	-	5 905 737	5 905 737
Stock stands	-	(6 240 000)	(6 240 000)
Government Grant transfer to reserve		(5 905 737)	(5 905 737)
Balance at 30 June 2010	63 859 283	86 190 544	150 049 829
2011			
Restated balance	63 859 283	86 190 544	150 049 829
Net surplus for the year	-	27 586 924	27 586 924
Corrections prior year (note 33)	11 094 070	(3 397 394)	7 696 676
Zelpy transfer		(294 566)	
Offsetting of depreciation	-	-	-
Balance at 30 June 2011	74 953 353	110 085 507	185 333 432

CASH FLOW STATEMENT
for the year ended
30 JUNE 2011

Note	2011	2010
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from ratepayers, government and others	128 448 340	90 906 125
Cash paid to suppliers and employees	(105 385 533)	(94 642 934)
Cash generated from / (utilized in) operations	37 23 062 807	(3 736 809)
Interest received	1 617 107	866 906
Interest paid	(1 606 744)	(2 312 617)
Net cash from operating activities	23 073 169	(5 182 520)
CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of property, plant and equipment	(13 776 904)	(12 582 564)
Proceeds on disposal of property, plant and equipment		-
(Increase)/decrease in non-current receivables		
(Increase)/decrease in non-current investments		
(Increase)/decrease in current investments	-	
Net cash from investment activities	(13 776 904)	(12 582 564)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase/(decrease) in long term loans/lease	(4 266 288)	(2 134 271)
Increase/(decrease) in deposits [see note 35]		968 808
(Increase)/decrease in investments [see note 35]		1 507 830
(Increase)/decrease in inventories [see note 35]		4 004
(Increase)/decrease in bank equivalent [see note 35]	-	28 802
(Increase)/decrease in creditors [see note 35]		10 753 378
(Increase)/decrease in debtors [see note 35]		2 680 304
(Increase)/decrease in Unspent conditional Grants and Receipts [see note 35]		4 048 928
Net cash from financing activities	(4 266 288)	17 857 782
Increase/(decrease) in cash and cash equivalents	5 029 978	92 698
Cash and cash equivalents at beginning of the year	1 105 974	1 013 275
Cash and cash equivalents at end of the year	17 6 135 952	1 105 974

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early

GRAP 8 Interest in Joint Ventures - issued August 2006

GRAP 18 Segment Reporting - issued March 2005

GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2006

GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007

GRAP 103 Heritage Assets - issued July 2008

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

IAS 19 Employee Benefits - effective 1 January 2009

IFRIC 17 Distribution of Non-cash Assets to Owners - effective 1 July 2009

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

1.2 PROPERTY, PLANT AND EQUIPMENT

1.2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.2.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

REVALUATION OF LAND

Investment property is valued once every three years using the net rental value method. The valuations are prepared considering the aggregate of the net annual rent receivable from the properties and where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flow is then applied to the net annual rentals to arrive at the property valuation.

The revaluation is carried out by an independent valuer.

1.2.3 SUBSEQUENT MEASUREMENT - COST MODEL

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.2.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated at historical cost, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure

Infrastructure Assets

Roads, pavements, bridges and storm water
Street names, signs and parking meters
Car parks, bus terminals and taxi ranks
Electricity reticulation
Electricity meters
Housing
Street lighting
Refuse sites

Community Assets

Parks and gardens
Sport fields
Community halls
Libraries
Recreation facilities
Clinics
Fire services
Cemeteries

Other Assets

Motor vehicles
Plant and equipment
Security measures
Buildings
IT equipment
Office equipment

Land is not depreciated as it is regarded as having an infinite life.

The useful life of an item of property plant and equipment is reviewed periodically and, if expectations are significantly different from previous estimates, the depreciation charge from the current and future periods gets adjusted.

Impairment

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified, except where the impairment reverses a previous revaluation.

Where the carrying amount of an item of property, plant and equipment is larger than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

The testing for and impairing of any items of property, plant and equipment were not accounted for as permitted in terms of Directive 4

Disposal of property, plant and equipment

- The book values of assets are written off on disposal.
- The difference between the net book value of assets (cost less accumulated depreciation) and the sales proceeds is reflected as a gain or loss in the Statement of Financial Performance.

1.2.5 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.3 INTANGIBLE ASSETS

1.3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

After initial recognition, an intangible asset is carried at its cost less any accumulated impairment losses and amortisation. Amortisation is charged on a straight-line basis over their useful life which is estimated to be between 3 and 5 years. The useful life of an intangible asset is the period over which that asset is expected to be available for use of by the municipality. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, but are tested for impairment annually and impaired if necessary.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

The estimated useful life and amortisation methods are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

Intangible assets are recognised at cost. Cost is defined as the amount of cash or cash equivalents paid or the fair value of the other considerations given to acquire the asset at the time of its acquisition or construction. Only cost incurred on computer software and websites that meet the definition of an intangible asset are recognised as permitted in terms of Derective 4. All other cost incurred on intangible assets during the exemption period has been expensed.

1.3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amoritisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

1.3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

1.3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.4 INVESTMENT PROPERTY

1.4.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

The process for identifying investment property had not been finalised and items that may meet the definition was accounted for in terms of GAMAP 17 under property, plant and equipment .

1.4.2 SUBSEQUENT MEASUREMENT - COST MODEL

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

1.4.3 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

1.5 INVENTORIES

1.5.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.5.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the first-in, first-out method

1.6 FINANCIAL INSTRUMENTS

1.6.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

1.6.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

1.6.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

1.6.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

1.6.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

1.6.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.7 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.8 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.9 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.10 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

1.11 LEASES

MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

1.12 REVENUE

1.12.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. The estimates of consumption between meter readings are based on 3 month average usage

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in advance by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage are based on the number of sewerage connections on each developed property and service charges relating to water are based on consumption, both using the tariffs approved from Vhembe District Municipality and are levied monthly.

Revenue from rates including collection charges and penalty interest, shall be recognised when all the following conditions have been satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- There has been compliance with the relevant legal requirements.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

1.12.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

1.12.3 GRANTS, TRANSFERS AND DONATIONS

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Government grants are recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- The amount of the revenue can be measured reliably; and
- To the extent that there has been compliance with any restrictions associated with the grant.

Other grants and donations received

Other grants and donations shall be recognised as revenue when:

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- The amount of the revenue can be measured reliably; and
- To the extent that there has been compliance with any restrictions associated with the grant.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment are brought into use.

Revenue from public contributions is recognised when all conditions have been met or where the contribution to property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Where public contributions have been received but the conditions were not met, a liability is recognised.

1.13 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

1.14 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. Specific actuarial information in respect of individual participating municipalities is unavailable due to centralised administration of these funds. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

The municipality contributes towards retirement benefits of its employees and councillors to the under-mentioned pension funds:

- Joint Municipal Pension Fund
- Municipal Employees Pension Fund
- Municipal Gratuity Fund
- SALA Pension Fund
- National fund for Municipal workers

Councillors are members of the Municipal Councillor's Pension Fund that was established in terms of the Remuneration of Public Office Bearers Act 1998 (Act 20 of 1998).

a) **Defined contribution plans**

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

Contributions to the defined contribution pension plan in respect of service in a particular period are included in the employees' total cost of employment and are charged to the statement of financial performance in the year to which they relate as part of cost of employment.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

1.15 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

1.16 CONTINGENT ASSETS

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality. Contingent assets are not recognised as assets.

1.17 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised as liabilities.

1.18 CONSUMER DEPOSITS

Consumer deposits are a partial security for a future payment of an account. All consumers are therefore required to pay a deposit equal to an average consumption of electricity and water services. Deposits are considered a liability as the deposit is only refunded once the service is terminated. No interest is paid on deposits.

1.19 EVENTS AFTER BALANCE SHEET DATE

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the balance sheet date. Events after the balance sheet date that are indicative of conditions that arose after the balance sheet date are dealt with by way of a note to the financial statements.

1.20 VALUE ADDED TAX

The municipality accounts for Value Added Tax on the cash basis.

1.21 TAXATION

The Musina Local Municipality are exempted from tax in terms of Section 10(1)cB(i)(ff) of the Income Tax Act.

1.22 KEY ASSUMPTIONS

There are no key assumptions concerning the future and other uncertainty on the reporting date that have a significant risk of causing material adjustments in subsequent for future financial years

1.23 RELATED PARTY DISCLOSURE

Zelpy 1903 (Pty) Ltd is a entity of the Municipality and the municipality is the only share holder

The municipality funded the entity with a grant

The entity was transeferred to the municipality as a LED project on 30 June 2011

<u>Years</u>
10
5
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5

3-5

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

	2011	2010
2. STATUTORY FUNDS & RESERVES		
* Statutory Funds		
Balance at beginning of the year - Statutory Funds		
- Written to accumulated surplus/(deficit)		
* Reserves		
Balance at beginning of the year - Reserves		
- Transferred to Creditors		
- Written to accumulated surplus/(deficit)		
3. RESERVES		
	2011	2010
	49 137 070	45 173 000
Government Grants Reserve (utilized)	(25 815 963)	(18 685 963)
Balance at beginning of the year	(18 685 963)	(12 780 226)
2010-11 grants (MIG and INEP) transferred from acc. Surplus	(7 130 000)	(5 905 737)
Donations and Public Contribution Reserve (utilized)	(320)	(320)
Balance at beginning of the year	(320)	(320)
Revaluation Reserve	74 953 353	63 859 283
Balance at beginning of the year	63 859 283	82 528 503
Correction of error	11 094 070	(18 669 220)
4. ACCUMULATED (SURPLUS)/DEFICIT	2011	2010
Accumulated (surplus)/Deficit: beginning of year	67 504 260	90 739 350
Operating (surplus)/deficit for the year	27 586 923.93	(14 841 360)
Prior year adjustment	(3 397 394.29)	3 752 008
Stock stands		(6 240 000)
Government Grant transfer to reserve	(7 130 000.00)	(5 905 737)
Transfer Zelpy	(294 565.87)	-
Sub Accumulated surplus: end of year	84 269 224.14	67 504 260
Government Grant Reserve	25 815 963.00	18 685 963
Donations and Public Contribution Reserve (utilized)	320.00	320
Accumulated surplus: end of year	110 085 507.14	86 190 543

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

5. BORROWINGS

	2011	2010
Annuity loans	15 229 267	18 544 962
Lease Liability	0	950 592
Sub-Total	15 229 267	19 495 555
Less: Current portion transferred to current liabilities	(1 273 384)	(4 421 076)
Total External Loans	13 955 882	15 074 479

Refer to Appendix A for more detail on long term liabilities.

Finance Lease Liability

Monthly instalments of R111,846 each are payable on the last day of each month. Interest is payable at 15% per annum. The final instalment is payable on 08/03/2011. The agreement does not provide for contingent rental payments.

Reconciliation between the total minimum lease payments and their present value

	1 year R	1-5 years R	More than 5 years R
2011			
Minimum lease payments	1 006 619	-	
Finance cost	56 026	-	
Present value	950 592	-	-
2010			
Minimum lease payments	1 326 188	882 908	
Finance Cost	223 953	49 135	
Present value	1 102 235	833 773	
Correction	144 765	109 506	
Present value	1 247 000	943 279	-

Medium and Low Municipalities are not required to recognise finance lease liabilities if GRAP 17 has not been complied with. However, information about financial lease liabilities relating to assets that have not been recognised in the Municipality's financial statements must be disclosed in accordance with GRAP 13.

6. CONSUMER DEPOSITS

	2011	2010
Opening Balance		
Opening Balance	2 799 762	1 830 953
Electricity	408 539	665 485
Other	55359.72	303 324
Total consumer deposits	3 263 661	2 799 762
Guarantees held in lieu of electricity deposits	1 336 621	1 175 630

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

7. NON-CURRENT PROVISIONS	2011	2010
Balance at beginning of year	(1 847 611)	(1 435 292)
Provision for rehabilitation of landfill sites	(419 891)	(232 811)
Provision for long-service awards	-	(179 508)
Total Non-Current Provisions	(2 267 502)	(1 847 611)

The movement in the non-current provision is reconciled as follows: -

Provision for rehabilitation of landfill sites:

Balance at the beginning of year	(1 668 103)	(1 255 784)
Contributions to provision	(419 891)	(412 319)
Expenditure incurred		
Increase in provision due to discounting		
Transfer to current provisions		
Balance at the end of year	(2 087 994)	(1 668 103)

Provision for long-service awards:

Balance at the beginning of year	(179 508)	
Contributions to provision		
Expenditure incurred		
Increase in provision due to discounting		
Transfer to current provisions		
Balance at the end of year	(179 508)	-

7.1 PROVISIONS	2011	2010
Performance bonus	-	-
Current portion of long-service provision (see note 25)	-	-
Provision for leave	-	-
Other provisions	-	-
Total Provisions	-	-

The movement in current provisions are reconciled as follows: -

	Other provisions	Provision for leave
as at 1 July 2010	-	(4 255 361)
Contributions to provision	-	-
Expenditure incurred	-	787 803
as at 30 June 2011	-	(3 467 558)

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

8. TRADE AND OTHER PAYABLES

	2011	2010
Trade Creditors	943 304	1 934 063
Amounts received in advance : Consumer Debtors	1 162 537	1 246 321
Prepaid Electricity	255 993	333 757
creditors provision	32 716 717	24 274 626
Retention solid waste	54 587	54 587
Other	170 126	135 450
Leave	3 467 558	4 255 361
Benefit Pension	3 243 192	
Vhembe billing 04 - 07	12 722 187	17 565 106
Retention Municipal Building Phase 2	211 414	211 414
Retention community hall	351 611	351 611
Retention workshop	132 203	132 203
Retention Lesley Manyathela	215 723	215 723
Retention Sport Centre Madimbo	174 586	
Retention Community Hall Malale	317 114	
Retention Sport Centre Nanc Ext 6	522 840	
Solly Noor	4 860 112	5 234 591
Public Transport Limp province	1 433 580	1 433 580
Sub Total creditors	62 955 384	57 378 391
SARS - VAT	2 735 885	1 401 170
Total creditors	65 691 268	58 779 561

9. UNPEND CONDITIONAL GRANTS FROM GOVERNMENT

	2011	2010
Departmental grant	-	318 236
Lotto	-	435 955
Lotto	47 324	47 324
Local government transitional grant	-	67 382
Municipal infrastructure grant	6 113 629	7 535 657
Integrated national electricity programme	-	600 000
Total conditional grants and receipts	6 160 953	9 004 553

See note 21 for reconciliation of grants. Funds is committed to projects. Some of projects was completed in 2010/2011. The funds still need to be paid, e.g. Retention money.

Total	
R	
	-
	-
	-
882 908	
49 135	
833 773	
109 506	
943 279	

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NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

10 PROPERTY, PLANT AND EQUIPMENT

10.1 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R
as at 1 July 2010	40 217 430	28 983 820	15 499 359	7 493 989	5 127 399	791 315	98 113 312
Cost	40 217 430	34 255 001	28 533 720	7 628 745	13 765 249	2 877 278	127 277 422
Correction of error (note 35)							-
Accumulated depreciation and impairment losses	-	(5 271 181)	(13 034 361)	(134 755)	(8 637 850)	(2 085 963)	(29 164 110)
Acquisitions	158 500	1 857 944	2 641 891	9 202 831	2 241 955	-	16 103 121
Capital under Construction	-	-	-	-	-	-	-
Depreciation	-	(1 394 074)	(1 546 739)	-	(3 510 374)	(275 342)	(6 726 529)
Carrying value of disposals	(23 630)	-	-	-	(0)	(391 788)	(415 418)
Cost	(23 630)	-	-	-	(0)	(1 408 381)	(1 432 011)
Accumulated depreciation and impairment losses	-	-	-	-	0	1 016 593	1 016 593
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-
Transfers	-	-	-	-	284 798	-	284 798
	-	-	-	-	-	-	-
as at 1 July 2011	40 352 300	29 826 435	16 594 372	16 442 529	3 858 947	124 184	107 198 766
Cost	40 352 300	36 112 945	31 175 611	16 831 575	16 007 139	1 468 896	141 948 467
Accumulated depreciation and impairment losses	-	(6 286 510)	(14 581 239)	(389 047)	(12 148 192)	(1 344 713)	(34 749 701)

Refer to Appendix B for more detail on property, plant and equipment

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

10.1 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R
as at 1 July 2009	44 278 800	27 829 857	14 641 547	848 236	6 093 081	1 918 660	95 610 181
Cost	44 278 800	32 033 510	26 358 573	951 281	13 252 449	3 097 254	119 971 867
Correction of error (note 35)		772 015	119 211	51 507	1 148 511	(480 026)	1 611 218
Accumulated depreciation and impairment losses	-	(4 975 668)	(11 836 237)	(154 552)	(8 307 879)	(698 568)	(25 972 903)
Acquisitions	565 000	2 221 490	2 175 148	6 677 464	522 063	203 400	12 364 564
Capital under Construction	-	-	-	-	-	-	-
Depreciation	-	(1 067 528)	(1 317 335)	(31 709)	(1 483 180)	(907 369)	(4 807 122)
Carrying value of disposals	(4 626 370)	-	-	-	(4 563)	-	(4 630 933)
Cost	(4 626 370)	-	-	-	(9 262)	-	(4 635 632)
Accumulated depreciation and impairment losses	-	-	-	-	4 699	-	4 699
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
*Other movements	-	-	-	-	-	(423 376)	(423 376)
as at 30 June 2010	40 217 430	28 983 819	15 499 360	7 493 990	5 127 400	791 315	98 113 315
Cost	40 217 430	34 255 000	28 533 721	7 628 745	13 765 249	2 877 278	127 277 423
Accumulated depreciation and impairment losses	-	(5 271 181)	(13 034 361)	(134 755)	(8 637 849)	(2 085 963)	(29 164 108)

Refer to Appendix B for more detail on property, plant and equipment

The municipality itemized all infrastructure and community assets and recalculate accumulated depreciation. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records. An assessment of impairments was done by 30 June 2011.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

10a INTANGIBLE ASSETS

Reconciliation of carrying value

Servitudes	Computer software	Rights	STATE	STATE	Total
R	R	R	R	R	R
Carrying values at 30 June 2010	172 094	-	-	-	172 094
Cost	424 076	-	-	-	424 076
Accumulated amortisation	(251 982)	-	-	-	(251 982)

Carrying values at 1 July 2010

Cost
Accumulated amortisation – cost
Acquisitions - Internally developed
Acquisitions - externally
Acquisitions - Business combinations
Amortisation
Impairment losses
Reversals of impairment losses
Carrying value of disposals
Cost
Accumulated amortisation
Other movements
Carrying values at 30 June 2011
Cost
Accumulated amortisation

-	172 094	-	-	-	172 094
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	86 681	-	-	-	86 681
-	157 561	-	-	-	157 561
-	(70 880)	-	-	-	(70 880)

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

10b INVESTMENT PROPERTY
Reconciliation of carrying value

	R	R	R	R	R	Total R
Carrying values at 1 July 2009	-	49 530 850	-	-	-	49 530 850
Cost	-	49 530 850	-	-	-	49 530 850
Acquisitions		218 000				218 000
Carrying value of disposals	-	14 042 850		-	-	14 042 850
Carrying values at 30 June 2010	-	35 706 000	-	-	-	35 706 000
Cost	-	35 706 000	-	-	-	35 706 000
Acquisitions	-	-	-	-	-	-
Carrying value of disposals	-	465 000	-	-	-	465 000
Carrying values at 30 June 2011		35 241 000				35 241 000

Investment property pledged as security

Fair value of investment property carried at cost:

The effective date of the revaluations was 01 July 2007 with annual interim valuations. Revaluations were performed by an independent valuer, Mr Thinus Nel from DDP Valuers. Mr Nel is not connected to the entity and have recent experience in location and category of the investment property being valued. The valuation was based on open market value for existing use.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2011		
11. INTANGIBLE ASSETS	2011	2010
	R	R
The municipality recognized intangible assets as follows:		
Promis		54
Corvu Business	-	54
Conlog ver 1.9.2	-	54
Elster Kent : Cash flow ver 2.2	-	54
Data Tech: supplier database	-	54
Payday ver 2.7	-	171 773
Contract System	78 945	54
ESET NOD32 Antivirus for Microsoft Exchange 91 0	8 013	
TOTAL INTANGIBLE ASSETS	86 957	172 094
12. INVESTMENTS	2011	2010
	R	R
Short Term Fixed Deposits		
ABSA Bank		
First National Bank		
Investec Bank		
Nedbank		
Long Term Fixed Deposits		
ABSA Bank	3 878 746	1 507 829
Shares		
Opening Balance	503 816	
- Zelpy Pty (Ltd) - Shares	-	100
- Zelpy Pty (Ltd) - Premium	-	503 716
De-registered 30/06/2011	(503 816)	
Total Investments	3 878 745	2 011 645
13. NON CURRENT RECEIVABLES	2011	2010
	R	R
Arrangements for payments on debtors accounts	351 693	642 297
Traffic Fines	761 313	92 693
Sub-total	1 113 006	734 991
Less: current portion transferred to current receivables	379 802	250 808
Total long term receivables	1 492 808	985 799

NOTES TO THE FINANCIAL STATEMENTS		
30 JUNE 2011		
14. INVENTORY	2011 R	2010 R
Opening balance of inventories:	81 415 041	
Consumable stores - at cost	(284 987)	1 301 921
Maintenance materials - at cost		
Spare parts – at net realisable value		
Other goods held for resale – at cost		
Unsold Municipal land	22 709 880	80 113 120
Total	103 839 935	81 415 041
14.1 Additions:		
Opening balance of inventories:	1 601 226	1 266 724
Consumable stores	174 745	188 834
Maintenance materials	1 325 368	2 372 190
Water Vhembe	-	
Other goods held for resale	802 185	298 747
	2 302 298	2 859 771
Issued (expensed):		
Consumable stores	173 228	117 601
Maintenance materials	1 171 401	1 176 069
Transfer Water [Vhembe]	68 079	604 714
Other goods held for resale	1 174 577	2 562 613
	2 587 285	4 460 997
Closing balance of inventories:	(284 987)	(1 601 226)

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

15. CONSUMER DEBTORS

30 June 2011

Service debtors:

Property rates

Electricity

Refuse

Other

Sundry Debtors

Correction

Roundings

Total

Gross Balance	Provision for Bad Debt	Net Balance
R	R	R
16 318 081.74	6 078 926.49	10 239 155.25
8 109 095.88	3 361 102.60	4 747 993.29
1 995 106.01	484 021.81	1 511 084.20
3 866 310.99	1 625 512.03	2 240 798.97
2 347 568.86	608 290.06	1 739 278.80
-	-	-
-	-	-
-	-	-
16 318 081.74	6 078 926.49	10 239 155.25

Contribution to bad debt provision

Debt written off for the year

Property rates

Electricity

Water

Sewerage

Refuse

Other

246 266.22

20 898.18

777.90

37 850.10

50 060.00

96 130.98

40 549.06

30 June 2010

Service debtors:

Property rates

Electricity

Refuse

Other

Sundry Debtors

Advanced Payments

Roundings

Total

14 607 863.30	5 057 108.74	9 550 754.57
6 308 002.10	1 773 863.26	4 534 138.84
1 464 942.95	782 867.01	682 075.95
4 168 583.78	1 861 493.78	2 307 090.00
2 666 334.47	638 884.69	2 027 449.78
-	-	-
(1 246 321.20)	-	(1 246 321.20)
20.00	-	20.00
13 361 562.10	5 057 108.74	8 304 453.37

Contribution to bad debt provision

Debt written off for the year

Property rates

Electricity

Water

Sewerage

Refuse

Other

195 338.84

14 245.20

3 081.83

39 960.78

41 493.81

68 845.00

27 712.22

NOTES TO THE FINANCIAL STATEMENTS

	2011	2010
	R	R
Property Rates		
Current	423 585.61	-
30 days	322 379.73	135 719.50
31-60 days	295 812.13	560 151.80
61-90 days	345 113.22	362 610.50
91-120 days	222 934.37	224 648.00
121-150+ days	6 499 270.82	5 024 872.30
Sub-total	8 109 095.88	6 308 002.10
Services - Elec		
Current	555 710.73	-
30 days	239 088.24	67 244.36
31-60 days	133 168.84	285 281.77
61-90 days	99 094.58	200 004.56
91-120 days	90 347.86	118 833.54
121-150+ days	877 695.76	793 578.72
Sub-total	1 995 106.01	1 464 942.95
Refuse		
Current	222 179.6	-
30 days	139 075.2	16 141.1
31-60 days	126 921.8	158 630.5
61-90 days	127 110.4	142 528.7
91-120 days	99 757.4	122 737.4
121-150+ days	3 151 266.7	3 728 546.0
Sub-total	3 866 311.0	4 168 583.78
Property Rental		
Current	9 801.95	-
30 days	4 413.92	5 558.21
31-60 days	5 054.43	7 065.19
61-90 days	5 161.66	6 854.60
91-120 days	7 334.25	6 622.32
121-150+ days	99 249.45	143 075.34
Sub-total	131 015.66	169 175.66
Loans		
Current	244.19	-
30 days	68.75	87.72
31-60 days	156.12	144.86
61-90 days	237.94	143.97
91-120 days	61.74	143.97
121-150+ days	173 878.24	177 502.65
Sub-total	174 646.98	178 023.17
Legal Fees		
Current		-
30 days		-
31-60 days		-
61-90 days		-
91-120 days	-	55 230.52
121-150+ days	44 233.92	-
Sub-total	44 233.92	55 230.52

NOTES TO THE FINANCIAL STATEMENTS

	2011	2010
	R	R
Sundry Debtors		
Current	1 322.08	-
30 days	1 128.28	10.00
31-60 days	1 173.96	10.00
61-90 days	1 303.97	10.00
91-120 days	1 052.10	10.00
121-150+ days	103 069.04	4 470.47
Sub-total	109 049.43	4 510.47
Other		
Current	1 095 895.45	-
30 days	41 543.02	301 409.20
31-60 days	(5 703.52)	12 047.33
61-90 days	(30 813.46)	246 051.46
91-120 days	(15 129.27)	4 443.14
121-150 days	802 830.65	1 695 443.52
Sub-total	1 888 622.87	2 259 394.65
Total consumer debtors	16 318 081.74	14 607 863.30
Made up as follows:		
Current (0-30 days)	2 308 739.57	-
31-60 days	747 697.15	526 170.07
61-90 days	556 583.71	1 023 331.48
91-120 days	547 208.33	958 203.81
121-150 days	406 358.45	532 668.90
Advanced Payments	11 751 494.53	11 567 489.04
Total	16 318 081.74	14 607 863.30
Advanced payments	-	(1 246 321.20)
Correction vote	-	-
	16 318 081.74	13 361 542.10

15.1 DEBTORS BY CONSUMER CLASSIFICATION

	2011	2010
	R	R
Sundry Debtors	569 104.19	523 460.72
Agricultural	4 426 075.22	2 991 380.34
Business	2 577 657.49	2 008 345.18
Educational	188 875.90	180 449.56
Industrial	617 767.92	438 476.80
Mine	45 097.56	-
Residential	19 535 057.12	17 265 461.88
Residential 4	114 481.83	123 338.60
Churches	323 115.25	301 520.85
Special	43 030.08	33 611.06
State Property	600 006.80	349 126.54
Total	29 040 269.36	24 215 171.53
Advanced payments transfer	-	-
Advanced payments transfer to Vhembe	-	87 275.07
Allocated income transfer to Vhembe	-	(10 940 904.50)
	29 040 269.36	13 361 542.10

NOTES TO THE FINANCIAL STATEMENTS

15.2 Reconciliation of the doubtful debt provision

	2011	2010
	R	R
Balance at beginning of the year	5 057 108.74	5 170 558.11
Contributions to provision	1 273 775.51	67 585.49
Doubtful debts written off against provision	(246 266.22)	(176 502.47)
Correction of provision	(5 691.54)	(4 532.39)
Balance at end of year	6 078 926.49	5 057 108.74

15.3 Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2011, R16 318 082 (2010: R13 361 542) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

- 1 month past due
- 2 months past due
- 3 months past due



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NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

15 A TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2011	2010
BALANCE	113 244 748.37	89 634 729.77
Property Rates	10 452 708.43	9 457 596.00
Electricity	53 828 928.35	40 994 741.69
Refuse	6 029 938.03	5 016 917.64
Licences and Permits	2 361 495.80	2 343 576.65
Fines	1 302 820.00	444 496.00
Government Grants and Subsidies	39 268 857.76	31 377 401.79

15 B TRADE AND OTHER RECEIVABLES FROM NON EXCHANGE TRANSACTIONS

	2011	2010
BALANCE	17 009 797.46	3 676 143.51
Unmetered Consumption	189 099.32	754 842.32
Gain on Non exchange transactions	-	783 000.00
Rentals of Facilities	995 265.42	226 442.71
Interest earned - External Investment	169 601.98	67 228.00
Library/Cemetery	94 239.28	112 244.03
Interest earned - Outstanding Debtors	1 447 504.56	799 677.80
Seta		
Sale of erven	13 580 114.22	792 062.21
IEC Voting Station	-	13 191.93
Tenders	22 771.76	18 127.20
Commision Old Mutual	3 504.76	2 399.22
Traffic Training	-	14 819.44
Donations / other	295 064.28	
Clearance Certificates	33 795.48	21 038.45
Building Plans	178 836.40	71 070.20

TOTAL REVENUE	130 254 545.83	93 310 873.28
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NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

	2011	2010
	R	R
16 OTHER RECEIVABLES		
Other debtors	-	1 758
Prov doubtful debt - sundry debtors	-	(566 615)
Sundry debtors	64 940	494 511
Vhembe District Indigent	2 238 534	1 084 448
RD Cheques	30 094	79 052
Vat Receivable	1 385 691	1 961 656
Vhembe District	3 304 742	9 205 543
Unmetered consumptions	943 942	754 842
Cutt off revenue billing elec	3 012 962	1 946 801
Sunlyn Rentals	33 074	33 074
Zelpy3	-	-
Other	17 297	153 277
Total Other Debtors	11 031 277	15 148 349
Debt written off for the year		
17 CASH AND CASH EQUIVALENTS		
	2011	2010
	R	R
Cash and cash equivalents consist of the following:		
Cash on hand		
Cash at bank	6 135 952	1 105 974
Call deposits		
	6 135 952	
The municipality has the following bank accounts:		
Absa Bank : Musina		
Account number : 2050550179		
Type : cheque account		
Current account (primary bank account)		
Bank statement balance at beginning of year	1 103 688	1 011 401
Bank statement balance at end of year	6 125 687	1 103 688
Stale cheques not cancelled	-	28 802
Cash book balance at beginning of year	1 103 688	1 011 401
Increase/(decrease) in cash book balance	5 027 915	49 135
Cash book balance at end of year	6 131 603	1 089 339
The municipality has the following bank accounts:		
Absa Bank : Musina		
Account number : 4063288025		
Type : cheque account		
Current account (Art & Culture)		
Bank statement balance at beginning of year	1175	1 874
Bank statement balance at end of year	0	1 175
Cash book balance at beginning of year	1175	1 874
Increase/(decrease) in cash book balance	-1175	(699)
Cash book balance at end of year	-	1 175

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

The municipality has the following bank accounts:

Absa Bank : Musina

Account number : 4065606760

Type : cheque account

Current account (Lotto Nancefield stadium)

Bank statement balance at beginning of year 170

Bank statement balance at end of year 170

Cash book balance at beginning of year 170

Increase/(decrease) in cash book balance -170 170

Cash book balance at end of year - 170

The municipality has the following bank accounts:

Absa Bank : Musina

Account number : 4067609265

Type : cheque account

Current account (PHP Housing)

Bank statement balance at beginning of year 3 -

Bank statement balance at end of year 3

Cash book balance at beginning of year 3

Increase/(decrease) in cash book balance -3 3

Cash book balance at end of year - 3

The municipality has the following bank accounts:

Absa Bank : Musina

Account number : 4071944207

Type : cheque account

Current account (MIG Grant)

Bank statement balance at beginning of year 8671 -

Bank statement balance at end of year 8 671

Cash book balance at beginning of year 8671

Increase/(decrease) in cash book balance -8671 8 671

Cash book balance at end of year - 8 671

The municipality has the following bank accounts:

Absa Bank : Musina

Account number : 4073762047

Type : call account

Current account (call account)

Bank statement balance at beginning of year 54 -

Bank statement balance at end of year 54

Cash book balance at beginning of year 54

Increase/(decrease) in cash book balance (54) -

Cash book balance at end of year - 54

The municipality has the following bank accounts:

Absa Bank : Musina

Account number : 4074881456

Type : Traffic

Current account (call account)

Bank statement balance at beginning of year 6 562 -

Bank statement balance at end of year 4 350 6 562

Cash book balance at beginning of year 6 562

Increase/(decrease) in cash book balance (2 213) -

Cash book balance at end of year 4 349 6 562

Bank statement balance at beginning of year 1 105 974

Bank statement balance at end of year 6 135 952 1 013 275

Disclosure in terms of the MFMA, 2003, Section 125(2)(a).

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

18 PROPERTY RATES

REVENUE

	2010/2011	2009/2010
Residential	4 360 613	4 533 786
Agricultural	944 006	2 752 108
Commercial	4 756 037	1 783 100
Industrial	392 053	388 601
Exempted		

TOTAL REVENUE

10 452 708

9 457 596

VALUATIONS

Residential	703 344 700	703 004 700
Business	245 798 450	210 860 600
Right of way	1 089 740	873 740
Industrial	57 710 000	41 005 000
Government	103 603 000	103 603 000
Public Open Spaces	1 000 000	1 000 000
Educational	22 130 000	22 130 000
Municipal	99 201 600	89 977 950
Commercial		
Churches	17 877 000	17 877 000
Creche		
Lodges		
Institutional	385 000	385 000
Guest House		
Special	1 420 000	1 420 000
Entertainment		30 000 000
Agricultural	1 205 401 000	1 203 621 000

TOTAL VALUATION

2 458 960 490

2 425 757 990

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2007. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations and subdivisions. A general rate of R0.009119 is applied to property valuations to determine assessment rates. Rates are levied on an annual basis on state and De Beers property owners, or rates are levied monthly. Interest at prime + 1% per annum are levied on outstanding rates.

Permission was granted to the municipality to extend the valuation roll with one year until 30 June 2012

19 SERVICE CHARGES

	2011	2010
Sale of electricity	53 828 928	40 994 742
Unmetered Consumptions	189 099	754 842
Refuse removal	6 029 938	5 016 918

Total service charges

60 047 966

46 766 502

20 RENTAL OF FACILITIES AND EQUIPMENT

	2011	2010
Rental of facilities	995 265	226 443
Rental of equipment		
Other rentals		

Total rentals

995 265

226 443

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

	2011	2010
21 GOVERNMENT SUBSIDIES & GRANTS		
21.1 Operating Grants	27 795 257	23 424 330
Equitable share	24 045 257	19 589 330
Dbsa	-	350 000
Finance management grant (FMG)	3 000 000	2 750 000
Local government capacity building grant	-	-
Municipal systems improvement grant (MSIG)	750 000	735 000
21.2 Capital Grants	8 606 144	7 902 796
Finance management grant (FMG)	-	-
Department of provincial and local government (DPLG)	-	-
Municipal infrastructural grant (MIG)	8 606 144	7 902 796
Integrated national electrification grant (INEP)	-	-
Vuna Awards	-	-
Total Government Grants & Subsidies	36 401 401	31 327 126
21.3 Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of R24,045,000, which is funded from the grant.		
21.4 Finance Management Grant		
Balance unspent at beginning of year		
Current year receipts	3 000 000	2 750 000
Conditions met – transferred to revenue	(3 000 000)	(2 750 000)
Unspent amount transferred to liabilities	-	-
This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.		
21.5 Municipal Systems Improvement Grant		
Balance unspent at beginning of year		
Current year receipts	750 000	735 000
Conditions met – transferred to revenue	(750 000)	(735 000)
Unspent amount transferred to liabilities	-	-
This grant was used to build in-house capacity to perform their functions and stabilize institutional and governance systems. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.		

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

21.6 Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	7 535 655	4 036 451
Current year receipts	7 130 000	11 402 000
Conditions met – transferred to revenue	(8 552 028)	(7 902 796)
Unspent amount transferred to liabilities (see note 9)	6 113 627	7 535 655

This grant was used to construct basic municipal infrastructure to provide basic services for the benefit of poor households. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

21.7 Integrated National Electrification Grant (INEP)

Balance unspent at beginning of year	600 000	
Current year receipts		600 000
Conditions met – transferred to revenue	(600 000)	
Unspent amount transferred to liabilities	(600 000)	600 000

This grant was used to address the electrification backlog of permanently occupied residential dwellings. The conditions of the grant were met and no funds have been withheld.

21.8 Department of Provincial and Local Government (DPLG)

Current year receipts		
Conditions met – transferred to revenue		
Unspent amount transferred to liabilities	-	-

This grant was used to erect a mini water purification/package plant to provide water in the rural area. The conditions of the grant were met and no funds have been withheld.

21.9 DBSA GRANT (Humanitarian relief Grant)

Current year receipts		350 000
Conditions met – transferred to revenue		(350 000)
Unspent amount transferred to liabilities (see note 8)	-	-

22 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS

	2011	2010
22.1 Library/Cemetery	94 239	112 244
Seta	-	-
Sale of erven	13 580 114	792 062
IEC Voting Station	-	13 192
Tenders	22 772	18 127
Commission Old Mutual	3 505	2 399
Traffic Training	-	14 819
Donations / Others	295 064	-
Clearance Certificates	33 795	21 038
Building Plans	178 836	71 070
Total	14 208 326	1 044 953
Other income		
Recovery of unauthorised, irregular, fruitless and wasteful expenditure (Note 54)	-	
Total Other Income	-	-

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

22.2 Public contributions and donations

Public contributions - Conditional		
Public contributions - Unconditional		
Donations	-	
Total public contributions and donations	-	-
Reconciliation of conditional contributions		
Balance unspent at beginning of year		
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - remain liabilities	-	-

23 INTEREST EARNED - EXTERNAL INVESTMENTS	2011	2010
TOTAL INTEREST EARNED - EXTERNAL INVESTMENTS	169 601.98	67 228
Bank (current account	50 086.56	51 073
External investments [Bank guarantee]	119 515.42	16 155
Other	-	

24 INTEREST OUTSTANDING DEBTORS	2011	2010
TOTAL INTEREST OUTSTANDING DEBTORS	1 447 505	799 678
Sundry loans		
Services:	1 447 505	799 678
Total interest earned external investment & outstanding debtors (Nota 23 & 24)	1 617 107	866 906

25 EMPLOYEE RELATED COSTS	2011	2010
Salaries and wages	27 474 714	21 687 550
Social contributions:	5 001 265	3 793 810
Pension deductions	3 657 766	2 848 138
Medical aid funds	893 674	613 159
Group insurance	160 167	108 205
Housing subsidy	87 129	71 012
Unemployment Insurance Fund	202 529	153 296
Workmen's compensation		
Less: employee cost capitalized		
Less: employee cost to operating		
Total employee related cost	32 475 979	25 481 360

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

Remuneration of Managers

Municipal Manager

	1 039 648	932 621
Annual remuneration	809 084	697 555
Allowances	96 000	156 000
Leave Payment	134 564	
Council Contributions		
Performance bonus		79 066

Chief Financial Officer

	974 703	661 571
Annual remuneration	620 333	515 320
Allowances	54 000	89 000
Leave Payment	300 370	
Council Contributions		
Performance bonus		57 251

Manager Corporate Services

	552 420	509 236
Annual remuneration	462 420	419 236
Allowances	90 000	90 000
Council Contributions		
Performance bonus		

Manager Community Services

	552 420	536 261
Annual remuneration	462 420	419 236
Allowances	90 000	90 000
Council Contributions		
Performance bonus		27 025

Manager Technical Services

	552 420	540 952
Annual remuneration	504 420	419 236
Allowances	48 000	90 000
Council Contributions		
Performance bonus		31 716

Total

	3 671 611	3 180 641
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During the year no performance bonuses were paid out in terms of Section 57 of the Municipal Systems Act
Disclosure in terms of the MFMA, 2003, Section 124(1)(c).

26 REMUNERATION OF COUNCILLORS

	2011	2010
Mayor	589 556	572 108
Mayoral Committee members		
Chief Whip	447 551	433 355
Councillors	1 172 283	1 123 880
Pension fund	271 649	335 464
Travelling allowances	390 763	374 625
Cellphone allowances	100 118	96 012
UIF	3 800	3 181
Total councillor's remuneration	2 975 719	2 938 625

The Mayor and Chief Whip are full time. Each is provided with an office and secretarial support at the cost of Council.
The Mayor has use of a Council owned vehicle and driver for official duties.
Disclosure in terms of the MFMA, 2003, Section 124(1)(a)

NOTES TO THE FINANCIAL STATEMENTS		
30 JUNE 2011		
27 DEPRECIATION AND AMORTISATION EXPENSE	2011	2010
Property, plant and equipment	3 321 350	
Intangible assets		
Investment property carried at cost		
Biological assets carried at cost		
Total Depreciation and Amortisation	3 321 350	
28 FINANCE COST	2011	2010
Local government stock		
Annuity loan		
Lease liability	56 026	237 739
External loan cost	1 550 718	2 074 878
Total	1 606 744	2 312 617
29 BULK PURCHASES	2011	2010
Electricity	30 105 151	28 933 065
Water		
Total	30 105 151	28 933 065
Electricity losses	0	3.70%
30 CONTRACTED SERVICES	2011	2010
Contracted services for:		
Security	2 290 430	2 711 938
Total	2 290 430	2 711 938
31 GRANT AND SUBSIDIES PAID	2011	2010
Old Age home		
FMG	3 000 000	2 750 000
MSIG	750 000	735 000
Total	3 750 000	3 485 000
Disclosure in terms of the MFMA, 2003, Section 123(l)(b).		

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

32 GENERAL EXPENSES

	2011	2010
Advertising	38 790	199 794
Internal Auditors	401 025	1 436 791
External Auditors	1 413 892	728 360
Bank Admin Fee	226 465	355 338
Campaign Cleaning	-	3 325
Community Liason	209 373	304 405
Computer Hardware	-	20 386
Conference & Convention	49 585	162 407
Consultance & Professional	1 948 322	2 964 756
Consumable Domestic items	208 832	254 002
Donations	-	37 669
Entertainment	222 089	484 336
Foreign Nations	-	-
Fuel	702 462	541 046
Funerals	13 703	28 317
Mayoral excellence award	183 944	412 243
It Lease	-	-
HIV	-	750
IDP	-	27 545
Indigent	1 834 866	1 599 038
Insurance	325 020	281 874
Interest Late Payment	310 030	-
Internal Study	-	38 091
Job Evaluation	-	2 162
LED	2 780	-
Legal Fees	40 311	140 541
Licences	304 682	130 022
Medical examination	17 081	43 763
Membership fees	448 132	278 904
Musina Annual Show	-	597 133
Paupers Burials	17 491	4 640
Postage	165 852	106 493
Pest Control	219	-
Printing & Stationary	528 560	625 247
Production Drivers Cards	117 516	376 950
Project Farmers	-	-
Protective Clothing	249 407	246 545
Rentals	154 533	322 489
Seta	338 907	261 425
Special Activities	-	4 996
Subsistance & Travel	2 706 213	2 730 688
Telephone	2 119 003	1 511 659
Tourism	-	-
Training	481 850	272 075
Transaction Fees	360 766	321 096
Township Establishment	-	47 274
Valuation Roll	52 998	-
Youth Assistance	-	97 880
Zelpy	1 868 373	3 031 061
Solly Noor	-	5 234 591
TOTAL GENERAL EXPENDITURE	18 063 070	26 268 107

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

33 CORRECTION OF ERROR

2011

2010

The following adjustments were made to correct prior year errors

Incorrect revenue recognition		
Prior year Provision for Performance Managers		
Correction of Xerox operating lease incorrectly recorded as PPE in 07/08 book year per Jnl 203946.		
GRN number 6574 raised to adjust for previous year stocks not delivered.		
Prior year correction vat receivable		-
Prior year correction debtors	1 949 091	240 226
Prior year correction creditors general		300 000
Prior year correction creditors provisions	(1 278 164)	(1 005 361)
Prior year correction trade creditors	(36 831)	(214 507)
Prior year correction foreign transaction stock		31 194
Prior year price adj issues		(1 365)
Prior year unspent grant		35 276
Prior year prov loans	(144 752)	
Prior year correction Itangible	64 727	
Prior year mispost of lease expense		(365 351)
Prior year mispost of expenses to stocks		43 462
Land depreciated in prior year		(1 500 639)
Prior year correction Pension Benefit	2 843 328	
Prior year understatement of debtors		(1 314 943)
Nett effect on surplus/deficit for the year	3 397 398	(3 752 008)

34 CHANGE IN ESTIMATE

2011

2010

The useful life of certain plant was estimated in 20x0 to be x years. In the current period management have revised their estimate to x years. The effect of this revision has increased the depreciation charges for the current and future periods by R -. Other

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

35 CASH GENERATED FROM/(UTILISED IN) OPERATIONS

Net surplus for the year

	2010	2010
Net surplus for the year	27 586 924	(14 841 359)
Adjustment for		
Depreciation charges	3 321 538	4 948 383
Gain on disposal of property, plant & equipment	-	(783 000)
Contributions to provisions	(537 628)	1 892 897
Contributions to bad debt	(1 273 776)	58 521
Interest received	(169 602)	(67 228)
Appropriation		-
Interest paid	(1 606 744)	2 312 617
Capital Charges		-
Amortisation	(14 748)	
interest outstanding debtors	(1 447 505)	(799 678)
loss on disposal of property plant	(1 408 381)	3 884 563
Electricity Unmetered Consumptions	(189 099)	(754 842)
Non-operating income		-
Debtors	-	-
Environmental	(419 891)	(419 891)
Non-operating expenditure	11 285 679	

Operating surplus before working capital changes

	2010	2010
Operating surplus before working capital changes	35 126 768	(4 569 017)
(Increase)/decrease in inventories	(10 145 813)	4 004
(Increase)/decrease in debtors	224 484	894 453
(Increase)/decrease in other debtors	(4 117 072)	(7 648 850)
Increase/(decrease) in creditors	6 911 708	11 454 563
Increase/(decrease) in deposits	(463 899)	-
Increase/(decrease) in provisions	(419 891)	
Increase/(decrease) in long term loans	-	(3 349 376)
Increase/ (decrease) in shortterm portion of long term loan		1 215 105
Increase/(decrease) in Unspent conditional Grants and Receipts	2 843 601	(4 048 928)
Increase/(decrease) in investments	(1 867 101)	1 507 830
Increase/(decrease) in Cash and cash equivalents	(5 029 977)	(28 802)

Cash generated by operations

36 UTILISATION OF LONG TERM LIABILITIES RECONCILIATION

	2011	2010
Long term liabilities (see note 5)		
Used to finance property, plant and equipment at cost		
Sub-Total		
Cash set aside for the repayment of long term liabilities		
Cash set aside for the acquiring of property, plant & equipment		
Cash invested for the repayment of long term liabilities	-	-

NOTES TO THE FINANCIAL STATEMENTS				
30 JUNE 2011				
37 CAPITAL COMMITMENTS	2011	2010		
Commitments in respect of capital expenditure:				
Approved and contracted for	2 006 505	13 003 260		
Infrastructure		3 549 263		
Community assets	2 006 505	9 453 997		
Other assets				
Commitments in respect of expenditure:	19 093 140	11 870 882		
Open Edge	1 704 337	3 398 692		
Contractors	9 058 043	5 511 563		
Security	3 411 051	1 111 605		
Rentals	4 389 188	1 549 022		
Audit fees internal	530 521	300 000		
Approved but not yet contracted for				
Land and buildings				
Infrastructure				
Community assets				
Other assets				
Specialised vehicles				
Total	21 099 645	24 874 141		
This expenditure will be financed from				
External loans				
Own Revenue	19 093 140	13 931 141		
Government grants	2 006 505	10 943 000		
Total	21 099 645	24 874 141		
38 OPERATING LEASES	2011	2010		
SUNLYN RENTALS (PTY) LTD		Total Payment		
Total 30 June 2009		-		
Total July 2009 to June 2010		16 467		
Total July 2010 to June 2011	36 657	-		
Total July 2010	36 657	16 467		
TECHNOLOGIES ACCEPTANCE				
Total 30 June 2009		122 119		
Total July 2009 to June 2010		94 626		
Total July 2010 to June 2011	268 508			
Total July 2010	268 508	216 745		
	1 year	1-5 years	More than 5 years	Total
	R	R	R	R
2010				
Minimum lease payments	94 626	-	-	94 626
Finance cost				-
Present value	94 626	-	-	94 626
2009				
Minimum lease payments	122 119	94 626		216 745
Finance Cost				-
Present value	122 119	94 626	-	216 745
39 ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF MUNICIPAL FINANCE MANAGEMENT ACT, 2003				
39.1 Contribution to SALGA	2011	2010		

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

Opening balance		
Amount paid - current	434 544	262 197
Amount paid - previous years		

Balance unpaid (included in payables)	434 544	262 197
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39.2 Audit fees (Internal & External)

	2011	2010
Opening balance	3 501 052	-
Current year audit fee	1 515 879	2 165 151
Amount paid - current year	(2 563 734)	1 335 901
Amount paid - previous years		

Balance unpaid (included in payables)	2 453 197	3 501 052
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The balance unpaid represents the audit fee for the 2009/2010 audit conducted during and was paid in July 2011

39.3 VAT

	2011	2010
Output Tax	12 535 392	
Opening balance		
Closing balance	-	8 100 971
Input Tax	(9 430 376)	
Amount payable to SARS	(2 750 827)	(10 180 280)
Amount paid current year sars	1 031 502	117 654

Balance outstanding (to)/from SARS	1 385 691	(1 961 655)
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VAT is payable on the receipt basis. VAT is paid over to SARS once payments are received from debtors. VAT input receivables and VAT output receivable are shown in notes 16 and 8 respectively. All VAT returns have been submitted by the due date throughout the year.

39.4 Pay as You Earn (PAYE)

Opening balance		
Current year payroll deductions	4 779 495	3 427 626
Amount paid - current year		
Amount paid - previous years		

Balance unpaid (included in payables)	4 779 495	3 427 626
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39.5 Unemployment Insurance Fund (UIF)

Opening balance		
Current year payroll deductions	202 529	207 368
Amount paid - current year	(202 529)	(207 368)
Amount paid - previous years		-

Balance unpaid	-	-
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NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

39.6 Medical Aid

Opening balance		
Current year payroll deductions		
Current payroll deductions	801 907	781 751
Amount paid current year	(801 907)	(781 751)
Balance unpaid	-	-

39.7 Pension Fund

Opening balance		
Current year payroll deductions		
Current payroll deductions	3 657 766	3 954 767
Amount paid current year	(3 657 766)	(3 954 767)
Balance unpaid	(3 657 766)	-

**CERTIFICATION
BY THE MUNICIPAL MANAGER
ON COUNCILLORS' REMUNERATION**

I, **Abram Ntshavheni Luruli**, Municipal Manager, certify that the remuneration of councillors are in accordance with the Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination of the upper limits of the salaries, allowances and benefits as promulgated by Government Gazette 32833, dated 21 December 2009 under Notice number R 1225.

P NNDWA
ACTING MUNICIPAL MANAGER

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

39.8
(cont)

Disclosure concerning councillors

Section 124(1)(b)

The following councillors had arrear accounts outstanding for more than 90 days as at 30 June 2011:

	Total 30 June 2010	Outstanding less than 90 days	Outstanding more than 90 days	30 June 2011
				-
JS Banda			19 237	19 237
SFL Ndhlovu			16 196	16 196
ME Ramoyada		1 095		1 095
E Shirilele		174		174
PS Tlou			17 803	17 803
J Kaunda			14 344	14 334
Total	-	1 269	67 580	68 839

During the year the following councillors had arrear accounts outstanding for more than 90 days:

	Highest amount outstanding	Ageing	During 2011
JS Banda		120+	
SFL Ndhlovu		120+	
PS Tlou		120+	
J Kaunda		120+	

In terms of this section, any arrears by individual councillors to the municipality for rates and services, which at any time during the relevant financial year was outstanding for more than 90 days, including the names of those councillors must be disclosed.

Section 64(3)

Outstanding consumer accounts

Government institutions

	Arrear	Current	Outstanding 30 June 2010	Arrear	Current	Outstanding 30 June 2011
Other government institutions			-			-
Department of Public Works (Other)		-	-	-	-	11 602
Department of Education & Schools	-	-	-	-	-	9 398
Department of Public Works	-		-	-		596 704
Total	-	-	-	-	-	617 703

In terms of the section, National Treasury was informed of the arrear accounts of schools for periods of more than 30 days.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010

40 CONTINGENT LIABILITIES

	2011	2010
T Ramadzhamba & 24 others	2 500 000	
Hands Together	10 000	
PJ Venter (Public Liability claim)	21 243	
SA Local Authorities Pension Fund	191 655	
Total	2 722 898	-

41 IN-KIND DONATIONS AND ASSISTANCE

	2011	2010
The Municipality received the following in-kind donations and assistance		
Description		
Mayoral Awards	40 000	
	40 000	

42 RELATED PARTY DISCLOSURES**42.1****BUSINESS COMBINATION**

On 30 June 2011, 100% of the operations of Zelpy 1903 (Pty) Ltd, a municipal entity, was incorporated into the municipality. The municipality took over the assets and liabilities of the municipal entity in line with

Council Resolution 04/10/2010 "that Spirulina continue to operate as a LED Project". Zelpy is in the process of ceasing to exist as a company subsequent to 30 June 2011, and the Spirulina project will continue to operate as a LED project.

The assets and liabilities at 30 June 2011 arising from the incorporation of Zelpy 1903 (Pty) Ltd are as follows:

Property, plant and equipment	284 798
Inventory	231 813
Trade and other receivables	214 630
Cash and cash equivalents	23 308
Trade and other payables	(365 272)
Net liabilities	
Loan account (If any)	
Net liabilities	389 278

During the current financial year the following grant was made in Zelpy 1903 Pty Ltd.

The detail is as follows:

	2011	2010
	R	R
Expenditure Amount Allocated to Zelpy	1 869 603	3 031 061
Open Edge Tech (Web- site)	441 650	272 706
GD Marketing	184 211	573 169
Auditor General	257 774	-
Subsistence & Travel	22 120	79 478
Funds Transfer	605 283	1 550 000
Salaries	322 177	507 498
Eskom	36 387	26 251
creditors	-	19 179
Registration	-	2 780

DIRECTORS OF ZELPY

	COMPENSATION	COMPENSATION
	R	R
A. N. LURULI - CEO	-	-
J. DU TOIT - DIRECTOR TECHNICAL -CHAIRPERSON	-	-
T. MOCKE - DIRECTOR FINANCE	-	-

The Directors of Zelpy 1903 Pty Ltd are not receiving any compensation and is appointed on a voluntary basis

KEY MANAGEMENT PERSONNEL

	2011	2010
LEBOHANG SEBOLA - PROJECT MANAGER	-	410 400
MUOFHE MATSHILI - BIOLOGIST	221 959	282 500
RAMUTHIVHELI ELS - SNR ACCOUNTANT	149 061	134 369
	371 020	827 269

42.2 VHEMBE DISTRICT MUNICIPALITY

As Vhembe District Municipality is the Water Services Authority and Musina Local Municipality is the water services provider, however the service level agreement was in dispute and the dispute was lodged with National Treasury for a final decision. The final decision from National Treasury states that all assets should be in the books of Vhembe District Municipality therefore Musina Local Municipality will not include any water transactions or assets in their Annual Financial Statements. The following transactions are involved:

List of outstanding debtors for :

	2011	2010
Water	9 436 387	7 248 666
Water basic	327 451	283 614
Sewerage	2 950 820	3 378 554
Septic tanks	624	1 340
Water new connection	6 905	11 664
Total outstanding debtors for 01 July 2009 to 30 June 2010	12 722 187	10 923 839

List of all the deposits for :

Water	1 701 840	1 655 954
Sewerage	749 063	372 727
Total amount as on 30 June 2010	2 450 904	2 028 681

Total billings for the year 01 July 2009 to 30 June 2010 for :

Water	17 914 065	13 126 512
Water basic	-	232 142
Sewerage	4 513 440	3 947 114
Total amount (excluding vat)	22 427 505	17 305 768

Total allocated cash receipts for :

Water & Sewerage	13 680 265	10 864 512
Water connections	20 883	138 450
Water prepaid	825 801	745 947
	14 526 950	11 748 909

Total amount of stock in stores as on 30 June 2011	68 079	276 570
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Calculation of the amount payable by Vhembe District Municipality to Musina Local Municipality, (Promis votes ledger)	-	-
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Assets bought 09/10	624 626	152 625
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The cost of indigent subsidy for water and sewerage for the financial year ended 1 July 2010 - 30 June 2011	1 911 083	1 624 846
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Total provision leave	-	533 100
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Total provision for bad debt July 2004 - June 2011	4 246 832	4 563 897
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Creditors Provision	782 385	884 967
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Vhembe agency fee payable by Vhembe District Municipality to Musina Local Municipality 10% of total income	-	-
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Unmetered Consumption	82 575	507 428
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43 INCOME FOREGONE	2011	2010
	R	R
Assesment Rates	538 951	-
Prepaid electricity (power cards)	81 518	73 146
TOTAL INCOME FOREGONE	620 469	73 146
44 ELECTRICITY PRE-PAID POWER CARDS	2011	2010
Value of cards as at 30 June 2011		
Bosveld Enterprises	5 760	5 830
Matshivha's Holdings t/s Tshambar Action Bar	-	-
Kwik Spar	1 010	-
Dhruv Supermarket	3 570	180
Super Spar	-	15 100
Engern Petrol Station	3 420	1 530
TOTAL ELECTRICITY PRE-PAID POWER CARDS	13 760	22 640
45 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
45.1 IRREGULAR EXPENDITURE	2011	2010
Balance at beginning of the year	9 004 553	4 955 625
Municipal Infrastructure	(8 404 553)	3 448 928
Integrated national electricity programme	(600 000)	600 000
SUB TOTAL	-	9 004 553
Due to insurgence of Zimbabwean citizens into Musina, all services rendered to the town were under enormous strain. We were therefore neccesitated to use the goverment grants, for unforeseen expences		
Balance at beginning of the year	1 140 478	
Vonitel Radio		249 660
Ramadwa building construction		350 000
Plankonsult		144 249
MES Engineering		34 731
Mbatini Electrical CC		29 637
KPBM		192 202
Freedom T. Boikanyo		140 000
SUB TOTAL	1 140 478	1 140 478
Due to deviations from the procurement processes (invitations of three written quotations, increase to bidding price, and no relevant contract or tender documentation) that were approved on the basis of it being an emergency, while it was possible to comply with the requirements or where proper planning would have prevented the deviations.		
Balance at beginning of the year	4 708 044	
Morokolo Communications		452 880
African Renaissance		602 055
Open Edge Finance		1 647 092
Micromath		2 006 017

	<u>4 708 044</u>	<u>4 708 044</u>
Due to contracts that were extended or renewed to such an extent that competitive bidding processes were being circumvented.		
Balance at beginning of the year	3 031 061	
Zelpy 1903 pty Ltd	<u>1 869 603</u>	<u>3 031 061</u>
	<u>4 900 664</u>	<u>3 031 061</u>
TOTAL IRREGULAR EXPENDITURE	<u>10 749 186</u>	<u>17 884 136</u>
45.2 FRUITLESS AND WASTEFUL EXPENDITURE	<u>2011</u>	<u>2010</u>
Balance at beginning of the year	28 534	
Due to interest paid off a result off late payments to suppliers	<u>525 070</u>	<u>28 534</u>
Approved by Council or condoned	<u>(513 727)</u>	
TOTAL FRUITLESS AND WASTEFUL EXPENDITURE	<u>39 877</u>	<u>28 534</u>

46 RETIREMENT BENEFIT INFORMATION**2011****2010****Defined contribution plan**

The following are defined contribution plans: Joint Municipal pension fund, Municipal Employees Pension Fund, SALA Pension Fund, National Fund for Municipal Workers. These contributions have been expensed.

Defined benefit plan

The following are defined benefit plans: Municipal Gratuity Fund. This plan is not treated as defined benefit plans as defined by IAS19, but are accounted for as defined contribution plans. This is in line with the exemption in IAS 19 par. 30 which states that where information required for proper defined benefit plan accounting is not available in respect of multi-employer and state plans, these should be accounted for as defined contribution plans. The municipality has been unsuccessful in obtaining the necessary information to support proper defined benefit plan accounting due to restrictions imposed by the multi-employer plan. It is therefore deemed impracticable to obtain this information at a suitable level of detail.

Certain employees of the municipality belong to the Joint Municipal pension fund, Municipal Employees Pension Fund, SALA Pension Fund, National Fund for Municipal Workers. The most recent actuarial valuation was done in 2007. These valuations indicate that the plan is in a sound financial position.

An amount of R3,929,415 (2010 : R3,183,602) was contributed by Council in respect of Councillors and employees retirement funding. These contributions have been expensed and are included in employee related costs for the year.

47 RISK MANAGEMENT

Maximum credit risk exposure

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

	3 878 746	1 507 829
ABSA Bank - Fixed deposits		
ABSA Bank - Current/Cheque account	6 131 603	1 089 339
Trade and other receivables	113 244 748	89 634 730

These balances represent the maximum exposure to credit risk. The municipality is exposed to an ABSA bank guarantee in favour of Eskom.

48 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2)

APPENDIX A
SCHEDULE OF EXTERNAL LOANS
as at 30 June 2011

External Loans		Loan No.	Redeemable	Balance at 30 June 2010	Interest paid during the period	Received during the period	Redeemed or written off during the period	Balance at 30 June 2011		Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
	%			R	R	R	R	R			
LONG TERM LOANS											
(DBSA) MUN BUILDING	12.50%	102905	30/06/2013	353 887.57			104 043.87	249 843.70			
(DBSA) REFUSE COMPACTER	11.68%	10068/1	30/06/2011	123 388.97			123 388.97	-			
(DBSA) ROADS 1	11.68%	10068/1	30/06/2011	543 233.18			543 233.18	-			
(DBSA) MANAGERS OFFICE PROJECT	11.68%	10068/1	30/06/2011	127 125.32			127 125.32	-			
(DBSA) ROADS 2	11.68%	10068/1	30/06/2011	399 954.64			399 954.64	-			
(DBSA) NEW BUILDING PHASE 1	11.68%	10068/1	30/06/2011	285 082.78			285 082.78	-			
(DBSA) INFRASTRUCTURE	9.73%	102405	30/06/2026	1 400 295.44			40 112.93	1 360 182.51			
(DBSA) LESLEY MANHATHELA	9.73%	102405	30/06/2026	842 990.12			24 147.67	818 842.45			
(DBSA) MUN BUILDING PHASE 2	9.73%	102405	30/06/2026	6 623 928.84			638 221.27	5 985 707.57			
(DBSA) WORKSHOP	12.50%	103431	30/06/2016	5 973 168.65			248 447.68	5 724 720.97			
(BANKFIN) TOYOTA HILUX 2.5D-4D	10.50%	77532299	01/09/2013	85 202.71			23 666.63	61 536.08			
(BANKFIN) TOYOTA HILUX 2.5D-4D	10.50%	77532345	01/09/2013	85 202.71			23 666.63	61 536.08			
(BANKFIN) 2008 S.A.M.E EXPLORER 85 SPE	10.50%	77532043	01/09/2013	183 821.74			51 059.62	132 762.12			
(BANKFIN) 2008 TOYOTA DYNA 7-105 4.5 TO	10.50%	77552362	01/09/2013	163 617.74			45 446.03	118 171.71			
(BANKFIN) TOYOTA HILUX 2.5D-4D	10.50%	77532310	01/09/2013	85 202.71			23 667.00	61 535.71			
(BANKFIN) TOYOTA HILUX 4.0 D/C RAI	10.50%	77532213	01/09/2013	226 450.06			226 450.06	-			
(BANKFIN) AVESIS 2.0 ADVAN	10.50%	77531802	01/09/2013	147 785.53			41 049.80	106 735.73			
(BANKFIN) 2008 RCEDES BENZ MO350(W164)	11.00%	77196795	01/06/2013	311 681.12			94 380.19	217 300.93			
(BANKFIN) 2008 HINO 13-237	10.50%	77552214	01/09/2013	457 757.42			127 366.40	330 391.02			
(INCA) ELECTRICITY	15.95%	1ESS-00-0001-384	30/06/2011	125 185.04			125 185.04	-			
INTEREST PAID DBSA											
Total Annuity Loans				18 544 962.29	-	-	3 315 695.71	15 229 266.58			
Lease Computers		MSNA 0040	08/03/2011	950 592.59			950 592.59	-			
Total External Loans				19 495 554.88	-	-	4 266 288.30	15 229 266.58			

APPENDIX B
ANALYSIS OF PROPERTY, PLANT & EQUIPMENT
as at 30 June 2011

	HISTORICAL COST						ACCUMULATED DEPRECIATION					Carrying Value	Budget Additions 2011
	Closing Balance 09/10	Additions/ Transfers	Movement	Under Construction	Disposals	Closing Balance 10/11	Closing Balance 09/10	Additions/ Transfers	Correction on depreciation	Disposals	Closing Balance 10/11		
	R						R					R	R
INFRASTRUCTURE	28 533 720.26	2 641 891.18	-	-	-	31 175 611.44	13 034 361.29	1 546 738.63	139.56	-	14 581 239.48	16 594 371.96	-
Roads, pavements, bridges & stormwater	12 137 107.95	-	-			12 137 107.95	8 724 580.01	694 625.05			9 419 205.06	2 717 902.89	-
Water reservoirs & reticulation	42 306.26					42 306.26	13 262.45	1 692.01			14 954.46	27 351.80	-
Car parks, bus terminals & taxi ranks	-					-	-				-	-	-
Electricity reticulation	14 946 099.65	2 641 891.18	-			17 587 990.83	3 806 652.84	685 121.95	139.56		4 491 914.35	13 096 076.48	-
Sewerage purification & reticulation	602 940.00					602 940.00	24 682.82	24 117.47			48 800.29	554 139.71	-
Housing	-					-	-				-	-	-
Street lighting	-					-	-				-	-	-
Refuse sites	-					-	-				-	-	-
Railway Lines	355 692.40					355 692.40	156 510.66	14 227.66			170 738.32	184 954.08	-
Security Measures	449 574.00					449 574.00	308 672.51	126 954.49			435 627.00	13 947.00	-
Other (town planning & development)	-					-	-				-	-	-
COMMUNITY ASSETS	82 101 175.41	11 219 274.60	-	-	23 630.00	93 296 820.01	5 405 935.95	1 394 073.95	(124 453.39)	-	6 675 556.51	86 621 263.50	-
Buildings	34 255 000.69	1 857 944.00	-			36 112 944.69	5 271 180.64	1 139 782.58	(124 453.39)		6 286 509.83	29 826 434.86	-
Sport Fields	7 628 744.72	9 202 830.60	-			16 831 575.32	134 755.31	254 291.37			389 046.68	16 442 528.64	-
Land	40 217 430.00	158 500.00			23 630.00	40 352 300.00	-				-	40 352 300.00	-
OTHER ASSETS	16 642 526.91	2 241 954.80	(175.00)	-	1 408 380.52	17 475 926.19	10 723 813.17	3 785 715.62	(139.60)	1 016 592.79	13 492 795.40	3 983 130.79	-
Vehicles	4 581 715.00					4 581 715.00	2 775 769.60	590 724.69			3 366 494.29	1 215 220.71	-
Plant & equipment	2 239 568.43	1 970 040.56	1 339.00		1 932.04	4 209 015.95	1 278 128.82	278 754.84	1 338.00		1 558 221.66	2 650 794.29	-
Office equipment	6 285 519.47	49 872.61	(1 339.00)		1 406 448.48	4 927 604.60	5 250 049.79	446 882.36	(1 338.00)	1 016 592.79	4 679 001.36	248 603.24	-
Bins and Containers	1 463 110.00	110.00				1 463 220.00	146 374.30	48 873.23			195 247.53	1 267 972.47	-
Furniture and Fittings	2 033 559.50	221 931.63	(175.00)			2 255 316.13	1 260 383.88	2 413 520.56	(139.60)		3 673 764.84	(1 418 448.71)	-
Car Port	8 494.00					8 494.00	2 077.31	849.31			2 926.62	5 567.38	-
Emergency Equipment	28 218.51					28 218.51	10 002.25	5 642.41			15 644.66	12 573.85	-
Truvello Radar	2 342.00					2 342.00	1 026.22	468.22			1 494.44	847.56	-
TOTAL	127 277 422.58	16 103 120.58	(175.00)	-	1 432 010.52	141 948 357.64	29 164 110.41	6 726 528.20	(124 453.43)	1 016 592.79	34 749 591.39	107 198 766.25	-

APPENDIX B (1)
ANALYSIS OF INTANGIBLE ASSETS
as at 30 June 2011

	HISTORICAL COST						ACCUMULATED DEPRECIATION						
	Opening Balance 09/10	Additions/ Transfers	Movement	Under Constructi on	Disposals	Closing Balance 10/11	Opening Balance 09/10	Additions/ Transfers	Depreciation Correction	Disposal s	Closing Balance 10/11	Carrying Value	Budget Additions 2011
	R	R		R	R	R	R	R		R	R	R	R
INFRASTRUCTURE	-	-		-	-	-	-	-		-	-	-	-
Roads, pavements, bridges & stormwater	-	-		-	-	-	-	-		-	-	-	-
Water reservoirs & reticulation	-	-		-	-	-	-	-		-	-	-	-
Car parks, bus terminals & taxi ranks	-	-		-	-	-	-	-		-	-	-	-
Electricity reticulation	-	-		-	-	-	-	-		-	-	-	-
Sewerage purification & reticulation	-	-		-	-	-	-	-		-	-	-	-
Housing	-	-		-	-	-	-	-		-	-	-	-
Street lighting	-	-		-	-	-	-	-		-	-	-	-
Refuse sites	-	-		-	-	-	-	-		-	-	-	-
Railway Lines	-	-		-	-	-	-	-		-	-	-	-
Security Measures	-	-		-	-	-	-	-		-	-	-	-
Other (town planning & development)	-	-		-	-	-	-	-		-	-	-	-
COMMUNITY ASSETS	-	-		-	-	-	-	-		-	-	-	-
Buildings	-	-		-	-	-	-	-		-	-	-	-
Sport Fields	-	-		-	-	-	-	-		-	-	-	-
Land	-	-		-	-	-	-	-		-	-	-	-
OTHER ASSETS	424 076	157 561	-	-	424 076	157 561	251 982	70 603	-	251 705	70 880	86 681	-
Office equipment	-	-		-	-	-	-	-		-	-	-	-
Software	423 376	157 561	-	-	423 376	157 561	251 705	70 603	-	251 705	70 603	86 958	-
	700				700		277				277	(277)	
	-	-		-	-	-	-	-		-	-	-	-
	-	-		-	-	-	-	-		-	-	-	-
	-	-		-	-	-	-	-		-	-	-	-
	-	-		-	-	-	-	-		-	-	-	-
TOTAL	424 076	157 561	-	-	424 076	157 561	251 982	70 603	-	251 705	70 880	86 681	-

APPENDIX B (2)
ANALYSIS OF INVESTMENT ASSETS
as at 30 June 2011

	HISTORICAL COST					ACCUMULATED DEPRECIATION				Carrying Value	Budget Additions 2011
	Opening Balance 09/10	Additions/ Transfers	Under Construction	Disposals	Closing Balance 10/11	Opening Balance 09/10	Additions/ Transfers	Disposals	Closing Balance 10/11		
	R	R	R	R	R	R	R	R	R	R	R
INFRASTRUCTURE	-	-	-	-	-	-	-	-	-	-	-
Roads, pavements, bridges & stormwater	-	-	-	-	-	-	-	-	-	-	-
Water reservoirs & reticulation	-	-	-	-	-	-	-	-	-	-	-
Car parks, bus terminals & taxi ranks	-	-	-	-	-	-	-	-	-	-	-
Electricity reticulation	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification & reticulation	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-
Refuse sites	-	-	-	-	-	-	-	-	-	-	-
Railway Lines	-	-	-	-	-	-	-	-	-	-	-
Security Measures	-	-	-	-	-	-	-	-	-	-	-
Other (town planning & development)	-	-	-	-	-	-	-	-	-	-	-
COMMUNITY ASSETS	35 706 000	-	-	465 000	35 241 000	-	-	-	-	35 241 000	-
Buildings	-	-	-	-	-	-	-	-	-	-	-
Sport Fields	-	-	-	-	-	-	-	-	-	-	-
Land	35 706 000	-	-	465 000	35 241 000	-	-	-	-	35 241 000	-
OTHER ASSETS	-	-	-	-	-	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-	-	-
Office equipment	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-
Furniture and Fittings	-	-	-	-	-	-	-	-	-	-	-
Car Port	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	-	-	-	-	-	-	-	-	-	-	-
Truvello Radar	-	-	-	-	-	-	-	-	-	-	-
TOTAL	35 706 000	-	-	465 000	35 241 000	-	-	-	-	35 241 000	-

APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT
as at 30 June 2011

	HISTORICAL COST						ACCUMULATED DEPRECIATION					Carrying Value	Budget Additions 2011
	Closing Balance 09/10	Additions/ Transfers	Movement	Under Construction	Disposals	Closing Balance 10/11	Closing Balance 09/10	Additions/ Transfers	Correction on depreciation	Disposals	Closing Balance 10/11		
	R						R					R	R
EXECUTIVE COUNCIL	2 130 246	2 510 328	-	-	-	4 640 573	1 185 153	2 689 256	-	-	3 874 409	766 165	-
Executive Council	2 130 246	2 510 328				4 640 573	1 185 153	2 689 256	-	-	3 874 409	766 165	-
FINANCE & ADMINISTRATION	60 412 011	6 437 352	-	-	1 408 381	65 440 982	20 957 263	2 741 918	-	1 016 593	22 682 588	42 758 395	-
Finance	3 308 286	10 132			1 408 381	1 910 038	2 516 796	201 524	-	1 016 593	1 701 728	208 310	-
Information technology	3 191 692	8 600				3 200 292	2 311 360	325 022	-	-	2 636 382	563 910	-
Human resources	16 925					16 925	14 836	1 935	-	-	16 771	154	-
Property services	-					-	-	-	-	-	-	-	-
Admin Services	236 287					236 287	219 984	9 182	-	-	229 166	7 121	-
Legal Services	10 934					10 934	6 539	2 029	-	-	8 567	2 367	-
Municipal Buildings	37 617 029	6 380 499				43 997 527	4 956 006	1 273 889	-	-	6 229 895	37 767 632	-
Municipal Manager	220 560	38 121				258 681	119 007	34 549	-	-	153 557	105 124	-
Public Services	14 398 396					14 398 396	9 582 191	805 411	-	-	10 387 602	4 010 795	-
Stores	3 850					3 850	3 145	665	-	-	3 810	41	-
Technical Services	394 027					394 027	305 154	47 513	-	-	352 667	41 360	-
Workshop	1 014 025					1 014 025	922 245	40 200	-	-	962 445	51 580	-
Other & admin	-					-	-	-	-	-	-	-	-
PLANNING & DEVELOPMENT	42 084 764	158 500	-	-	23 630	42 219 634	124 453	-	(124 453)	-	(0)	42 219 634	-
Estates & Pound	42 084 764	158 500			23 630	42 219 634	124 453	-	(124 453)	-	(0)	42 219 634	-
Planning & development	-	-	-	-	-	-	-	-	-	-	-	-	-
ROAD TRANSPORT	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicle licensing & testing	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads & stormwater	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads other	-	-	-	-	-	-	-	-	-	-	-	-	-
HEALTH	162 096	-	-	-	-	162 096	137 891	14 425	-	-	152 316	9 780	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-
Pollution Control	82 930	-	-	-	-	82 930	70 754	6 722	-	-	77 476	5 454	-
Health	79 166	-	-	-	-	79 166	67 137	7 703	-	-	74 840	4 326	-
COMMUNITY & SOCIAL SERVICES	238 341	-	-	-	-	238 341	212 338	17 544	-	-	229 882	8 458	-
Libraries & archives	111 503	-	-	-	-	111 503	92 651	12 310	-	-	104 961	6 542	-
Community halls & facilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Tourism	31 413	-	-	-	-	31 413	24 262	5 234	-	-	29 496	1 916	-
Cemeteries & crematoriums	95 425	-	-	-	-	95 425	95 425	-	-	-	95 425	(0)	-
PUBLIC SAFETY	870 872	10 200	-	-	-	881 072	521 875	127 622	-	-	649 497	231 575	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-
Traffic	870 872	10 200				881 072	521 875	127 622	-	-	649 497	231 575	-
PARKS & RECREATION	1 691 664	4 389 383	-	-	-	6 081 047	290 351	59 241	-	-	349 592	5 731 455	-
Parks & recreation	1 691 664	4 389 383				6 081 047	290 351	59 241	-	-	349 592	5 731 455	-
WASTE WATER MANAGEMENT	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage	-	-	-	-	-	-	-	-	-	-	-	-	-
Public toilets	-	-	-	-	-	-	-	-	-	-	-	-	-
WASTE MANAGEMENT	2 162 692	-	-	-	-	2 162 692	756 956	76 306	-	-	833 261	1 329 431	-
Solid waste	2 162 692	-	-	-	-	2 162 692	756 956	76 306	-	-	833 261	1 329 431	-
HOUSING	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-
WATER	-	-	-	-	-	-	-	-	-	-	-	-	-
Water distribution	-	-	-	-	-	-	-	-	-	-	-	-	-
Water storage	-	-	-	-	-	-	-	-	-	-	-	-	-
ELECTRICITY	17 524 737	2 597 188	-	-	-	20 121 924	4 977 833	1 000 217	-	-	5 978 050	14 143 874	-
Electricity distribution	17 524 737	2 597 188				20 121 924	4 977 833	1 000 217	-	-	5 978 050	14 143 874	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	127 277 423	16 102 950	-	-	1 432 011	141 948 362	29 164 113	6 726 529	(124 453)	1 016 593	34 749 595	107 198 766	-

APPENDIX C
SEGMENTAL ANALYSIS OF INTANGIBLE ASSETS
as at 30 June 2011

	HISTORICAL COST						ACCUMULATED DEPRECIATION						Carrying Value	Budget Additions 2011
	Opening Balance 09/10	Additions/Transfers	Movement	Under Construction	Disposals	Closing Balance 10/11	Opening Balance 09/10	Additions/Transfers	Depreciation Correction	Depreciation correction	Disposals	Closing Balance 10/11		
	R	R			R	R	R	R			R	R	R	R
EXECUTIVE COUNCIL	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FINANCE & ADMINISTRATION	424 076	157 561	(424 076)	-	-	157 561	251 982	70 603	-	-	-	70 604	86 957	-
Finance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Information technology	424 076	157 561	(424 076)	-	-	157 561	251 982	70 603	-	(251 982)	-	70 604	86 957	-
Human resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Admin Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Municipal Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stores	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Workshop	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other & admin	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PLANNING & DEVELOPMENT	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Estates & Pound	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Planning & development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ROAD TRANSPORT	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicle licensing & testing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads & stormwater	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HEALTH	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pollution Control	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-
COMMUNITY & SOCIAL SERVICES	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries & archives	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls & facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tourism	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries & crematoriums	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PUBLIC SAFETY	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Traffic	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PARKS & RECREATION	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks & recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WASTE WATER MANAGEMENT	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public toilets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WASTE MANAGEMENT	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Solid waste	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HOUSING	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WATER	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water storage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ELECTRICITY	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	424 076	157 561	-	-	-	157 561	251 982	70 603	-	-	-	70 604	86 957	-

APPENDIX C
SEGMENTAL ANALYSIS OF INVESTMENT ASSETS
as at 30 June 2011

	HISTORICAL COST					ACCUMULATED DEPRECIATION				Carrying Value	Budget Additions 2011
	Opening Balance 09/10	Additions/Transfers	Under Construction	Disposals	Closing Balance 10/11	Opening Balance 09/10	Additions/Transfers	Disposals	Closing Balance 10/11		
	R	R		R	R	R	R	R	R	R	R
EXECUTIVE COUNCIL	-	-	-	-	-	-	-	-	-	-	-
Executive Council	-	-	-	-	-	-	-	-	-	-	-
FINANCE & ADMINISTRATION	-	-	-	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-	-	-	-
Human resources	-	-	-	-	-	-	-	-	-	-	-
Property services	-	-	-	-	-	-	-	-	-	-	-
Admin Services	-	-	-	-	-	-	-	-	-	-	-
Legal Services	-	-	-	-	-	-	-	-	-	-	-
Municipal Buildings	-	-	-	-	-	-	-	-	-	-	-
Municipal Manager	-	-	-	-	-	-	-	-	-	-	-
Public Services	-	-	-	-	-	-	-	-	-	-	-
Stores	-	-	-	-	-	-	-	-	-	-	-
Technical Services	-	-	-	-	-	-	-	-	-	-	-
Workshop	-	-	-	-	-	-	-	-	-	-	-
Other & admin	-	-	-	-	-	-	-	-	-	-	-
PLANNING & DEVELOPMENT	35 706 000	-	-	465 000	35 241 000	-	-	-	-	35 241 000	-
Estates & Pound	35 706 000	-	-	465 000	35 241 000	-	-	-	-	35 241 000	-
Planning & development	-	-	-	-	-	-	-	-	-	-	-
ROAD TRANSPORT	-	-	-	-	-	-	-	-	-	-	-
Vehicle licensing & testing	-	-	-	-	-	-	-	-	-	-	-
Roads & stormwater	-	-	-	-	-	-	-	-	-	-	-
Roads other	-	-	-	-	-	-	-	-	-	-	-
HEALTH	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-
Polution Control	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-
COMMUNITY & SOCIAL SERVICES	-	-	-	-	-	-	-	-	-	-	-
Libraries & archives	-	-	-	-	-	-	-	-	-	-	-
Community halls & facilities	-	-	-	-	-	-	-	-	-	-	-
Tourism	-	-	-	-	-	-	-	-	-	-	-
Cemeteries & crematoriums	-	-	-	-	-	-	-	-	-	-	-
PUBLIC SAFETY	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-
Traffic	-	-	-	-	-	-	-	-	-	-	-
PARKS & RECREATION	-	-	-	-	-	-	-	-	-	-	-
Parks & recreation	-	-	-	-	-	-	-	-	-	-	-
WASTE WATER MANAGEMENT	-	-	-	-	-	-	-	-	-	-	-
Sewerage	-	-	-	-	-	-	-	-	-	-	-
Public toilets	-	-	-	-	-	-	-	-	-	-	-
WASTE MANAGEMENT	-	-	-	-	-	-	-	-	-	-	-
Solid waste	-	-	-	-	-	-	-	-	-	-	-
HOUSING	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-
WATER	-	-	-	-	-	-	-	-	-	-	-
Water distribution	-	-	-	-	-	-	-	-	-	-	-
Water storage	-	-	-	-	-	-	-	-	-	-	-
ELECTRICITY	-	-	-	-	-	-	-	-	-	-	-
Electricity distribution	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-
TOTAL	35 706 000	-	-	465 000	35 241 000	-	-	-	-	35 241 000	-

APPENDIX D
DETAILED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2011

2010 Actual Income	2010 Actual Expenditure	2010 Actual Surplus/ (Deficit)		2011 Actual Income	2011 Actual Expenditure	2011 Actual Surplus/ (Deficit)
R	R	R		R	R	R
9 841 314	27 034 042	(17 192 728)	Executive & Council	10 774 049	19 693 954	(8 919 905)
9 841 314	27 034 042	(17 192 728)	Executive & Council	10 774 049	19 693 954	(8 919 905)
24 745 274	26 925 955	(2 180 681)	Finance & Admin	29 500 275	23 434 855	6 065 420
23 227 274	14 675 671	8 551 602	Finance	28 696 159	16 589 815	12 106 344
-	540 792	(540 792)	Human Resources	-	596 691	(596 691)
735 000	3 137 429	(2 402 429)	Information	750 000	1 879 434	(1 129 434)
-	-	-	Technology	-	-	-
783 000	5 727 079	(4 944 079)	Property Services	54 116	1 784 282	(1 730 166)
-	2 844 984	(2 844 984)	Other Admin	-	2 584 633	(2 584 633)
-	1 660 604	(1 660 604)	Planning & Development	8 552 028	1 816 149	6 735 879
-	1 162 552	(1 162 552)	Town Engineer	8 552 028	1 299 152	7 252 876
-	2 447	(2 447)	Workshop	-	5 241	(5 241)
-	433 406	(433 406)	LED	-	441 190	(441 190)
-	62 198	(62 198)	IDP	-	70 566	(70 566)
-	24 954	(24 954)	Health	-	-	-
-	-	-	Clinics	-	-	-
-	24 954	(24 954)	Health Other	-	-	-
112 244	692 422	(580 178)	Community Services	94 239	737 266	(643 027)
7 621	184 260	(176 638)	Libraries	9 322	198 355	(189 033)
-	309 370	(309 370)	Tourism - Art & Culture	-	332 272	(332 272)
-	5 203	(5 203)	Disaster Management	-	-	-
104 623	193 589	(88 967)	Cemeteries	84 917	206 640	(121 722)
-	704	(704)	Housing	-	-	-
-	704	(704)	Housing	-	-	-
-	-	-	Public Safety	-	-	-
-	-	-	Fire Services	-	-	-
-	-	-	Traffic	-	-	-

APPENDIX D
DETAILED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2011

2010 Actual Income	2010 Actual Expenditure	2010 Actual Surplus/ (Deficit)		2011 Actual Income	2011 Actual Expenditure	2011 Actual Surplus/ (Deficit)
R	R	R		R	R	R
-	2 508 040	(2 508 040)	Parks & Recreation	-	2 566 988	(2 566 988)
-	2 508 040	(2 508 040)	Parks & Recreation	-	2 566 988	(2 566 988)
5 016 918	5 587 240	(570 322)	Waste Management	6 029 938	5 120 397	909 541
-	-	-	Sewerage	-	-	-
5 016 918	5 587 240	(570 322)	Public Toilets	6 029 938	5 120 397	909 541
-	-	-	Refuse Removal (Solid Waste)	-	-	-
11 845 539	8 852 799	2 992 740	Roads Transport	21 285 989	12 454 642	8 831 347
9 042 647	4 362 370	4 680 277	Public services	17 621 673	5 481 801	12 139 872
2 802 892	4 490 429	(1 687 537)	Vehicle Licenses & Traffic	3 664 316	6 972 840	(3 308 525)
-	-	-	Transport Other	-	-	-
-	-	-	Water	-	-	-
-	-	-	Water Distribution	-	-	-
-	-	-	Water Purification	-	-	-
41 749 584	34 865 473	6 884 111	Electricity	54 018 028	36 843 371	17 174 656
41 749 584	34 865 473	6 884 111	Electricity	54 018 028	36 843 371	17 174 656
-	-	-	Distribution	-	-	-
-	-	-	Street Lighting	-	-	-
93 310 873	108 152 233	(14 841 360)	Sub-Total	130 254 546	102 667 622	27 586 924
-	-	-	Less: Inter-Departmental Charges	-	-	-
93 310 873	108 152 233	(14 841 360)	Total	130 254 546	102 667 622	27 586 924

APPENDIX E (1) ACTUAL OPERATING REVENUE VERSUS BUDGET for the year ended 30 June 2011					
	2011 Actual R	2011 Budget R	2011 Variance R	2011 Variance %	Explanations of significant variances greater than 10% versus budget
REVENUE					
Property rates	10 452 708	11 276 500	(823 792)	(7.31)	Less Collected
Service charges : Electricity	53 828 928	56 758 345	(2 929 417)	(5.16)	
Unmetered Consumptions	189 099	-	189 099	-	
Refuse removal	6 029 938	6 629 126	(599 188)	(9.04)	
Rental of facilities and equipment	995 265	272 986	722 279	264.58	Collected more
Interest earned – external investments	169 602	27 986	141 616	506.02	Earned more
Interest earned – outstanding debtors	1 447 505	1 403 564	43 941	3.13	
Fines	1 302 820	2 000 000	(697 180)	(34.86)	Lack of staff
Licensing & permits	2 361 496	1 485 284	876 212	58.99	More Applications
Government grants & subsidies – operating	27 795 257	27 795 000	257	0.00	
Government grants & subsidies – capital	8 552 028	10 010 000	(1 457 972)	(14.57)	Unspent portion 2010/2011
Unspent grant revenue	2 921 573	-	-	-	
Other revenue	14 208 326	12 385 038	1 823 288	14.72	Sale of stands not realized in 09/10 only 10/11
Gains on disposal of property, plant & equipment	-	-	-	-	
Total Revenue	130 254 546	130 043 829	(2 710 856)	(2.08)	
APPENDIX E (1) ACTUAL OPERATING EXPENDITURE VERSUS BUDGET for the year ended 30 June 2010					
	2011 Actual R	2011 Budget R	2011 Variance R	2011 Variance %	Explanations of significant variances greater than 10% versus budget
EXPENDITURE					
Employee related costs	32 475 979	32 479 757	(3 778)	(0.01)	
Remuneration of councillors	2 975 719	2 971 922	3 797	0.13	
Bad debts	1 273 776	1 136 072	137 704	12.12	Not a cash transaction
Collection costs	16 527	19 277	(2 750)	(14.26)	
Depreciation	3 321 350	6 425 680	(3 104 330)	(48.31)	Not a cash transaction
Repairs & maintenance	4 422 977	4 246 938	176 039	4.15	
Interest of external borrowings	1 606 744	1 535 663	71 081	4.63	
Bulk purchases : Electricity	30 105 151	37 018 982	(6 913 831)	(18.68)	Eskom Increases
Amortisation	-	-	-	-	
Contracted services	2 290 430	2 290 430	0	0.00	
Grants & subsidies paid	3 750 000	3 750 000	-	-	
General expenses	18 063 070	31 884 775	(13 821 705)	(43.35)	Savings / Cost Cutting
Loss on disposal of property, plant & equipment	1 408 381	-	1 408 381	-	
Provision Environmental	419 891	-	-	-	
Contributions to/(transfers from) provisions	537 628	2 362 252	(1 824 624)	(77.24)	Leave calculation corrected
Total Expenditure	102 667 622	126 121 748	(23 874 017)	(18.93)	
NET SURPLUS/(DEFICIT) FOR THE YEAR	27 586 924	3 922 081	21 163 161	539.59	

APPENDIX E (1)a
STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION
for the year ended 30 June 2011

	Original Budget	Budget Adjustment	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
				R	R			%	
REVENUE									
Property rates	(11 278 023)	(11 276 500)	(1 523)	(11 276 500)	10 452 708			-93%	-93%
Service charges : Electricity	(47 865 442)	(56 758 345)	8 892 903	(56 758 345)	53 828 928			-95%	-112%
Unmetered Consumptions	-	-	-	-	189 099				
Refuse removal	(5 036 296)	(6 629 126)	1 592 830	(6 629 126)	6 029 938			-91%	-120%
Rental of facilities and equipment	(330 025)	(272 986)	(57 039)	(272 986)	995 265			-365%	-302%
Interest earned – external investments	-	(27 986)	27 986	(27 986)	169 602			-606%	#DIV/0!
Interest earned – outstanding debtors	(838 587)	(1 403 564)	564 977	(1 403 564)	1 447 505			-103%	-173%
Fines	(12 000 000)	(2 000 000)	(10 000 000)	(2 000 000)	1 302 820			-65%	-11%
Licensing & permits	(1 616 846)	(1 485 284)	(131 562)	(1 485 284)	2 361 496			-159%	-146%
Government grants & subsidies – operating	(27 795 000)	(27 795 000)	-	(27 795 000)	27 795 257			-100%	-100%
Government grants & subsidies – capital	(10 101 000)	(10 010 000)	(91 000)	(10 010 000)	8 552 028			-85%	-85%
Unspent grant revenue	-	-	-	-	2 921 573				
Other revenue	(18 090 251)	(12 385 038)	(5 705 213)	(12 385 038)	14 208 326			-115%	-79%
Gains on disposal of property, plant & equipment	-	-	-	-	-				
Total Revenue	(134 951 470)	(130 043 829)	(4 907 641)	(130 043 829)	130 254 546	-	-	(100.16)	-97%

APPENDIX E (1)a
STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION
for the year ended 30 June 2011

	Original Budget	Budget Adjustment	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
				R	R			%	
EXPENDITURE									
Employee related costs	41 828 879	41 828 892	(13)	32 479 757	32 475 979			100%	78%
Remuneration of councillors	2 767 948	2 767 948	-	2 971 922	2 975 719			100%	108%
Bad debts	13 125 982	1 136 072	11 989 910	1 136 072	1 273 776			112%	10%
Collection costs	-	-	-	19 277	16 527			86%	
Depreciation	6 425 680	6 425 680	-	6 425 680	3 321 350		0%	52%	52%
Repairs & maintenance	20 126 963	8 099 323	12 027 640	4 246 938	4 422 977			104%	22%
Interest of external borrowings	1 135 663	1 535 663	(400 000)	1 535 663	1 606 744			105%	141%
Bulk purchases : Electricity	24 387 977	34 787 977	(10 400 000)	37 018 982	30 105 151	-	0%	81%	123%
Amortisation	-	-	-	-	-				
Contracted services	3 000 000	3 000 000	-	2 290 430	2 290 430			100%	76%
Grants & subsidies paid	-	-	-	3 750 000	3 750 000			100%	
General expenses	22 261 827	22 181 831	79 996	31 884 775	18 063 070			57%	81%
Loss on disposal of property, plant & equipment	-	-	-	-	1 408 381	(1 408 381)			
Provision Enviromental	-	-	-	-	419 891				
Contributions to/(transfers from) provisions	4 358 362	4 358 362	-	2 362 252	537 628	-	0%	23%	12%
Total Expenditure	139419281	126 121 748.00		126 121 748	102 667 622	(1 408 381)	-	81%	74%
NET SURPLUS/(DEFICIT) FOR THE YEAR	(274 370 751)	(256 165 577)	(4 907 641)	(256 165 577)	27 586 924			-11%	-10%
Transfers Recognised - Capital									
Contributions Recognised - Capital & Contributed Assets									
Surplus/(Deficit) After Capital Transfers & Contributions	0	0							
Share Of Surplus/(Deficit) Of Associate									
Surplus/(Deficit For The Year	0	0							
Capital Expenditure & Funds Sources									
Capital Expenditure									
Transfers Recognised - Capital									
Public Contributions & Donations									
Borrowing									
Internally Generated Funds									
Total Sources Of Capital Funds	0	0							
Cash flows									
Net Cash From (Used) Operating									
Net Cash From (Used) Investing									
Net Cash From (Used) Financing									
Cash/Cash Equivalents At The Year End	0	0							

RECONCILIATION IN THE NOTES TO THE FINANCIAL STATEMENTS

Reconciliation Of Budget Surplus/Deficit With The Surplus/Deficit In The Statement Of Financial Performance

Net Surplus/Deficit Per The Statement Of Financial Performance	27 586 924
Adjusted For:	
Fair Value Adjustments	
Impairments Recognised/Reversed	
Surplus/Deficit On The Sale Of Assets	
Increases/Decreases In Provisions	
<i>List other relevant adjustments here</i>	
Net Surplus/Deficit Per Approved Budget	

FINANCIAL STATEMENTS: MUSINA LOCAL MUNICIPALITY

APPENDIX E (2)
ACTUAL CAPITAL VERSUS BUDGET
Acquisition of Property, Plant and Equipment
for the year ended 30 June 2011

	2011 Actual R	2011 Under Construction R	2011 Total Additions R	2011 Budget R	2011 Variance R	2011 Variance %	Explanations of significant variances greater than 5% versus budget
EXECUTIVE & COUNCIL	2 510 328	-	2 510 328	2 192	2 508 136	114 422.24	
Executive & Council	2 510 328	-	2 510 328	2 192	2 508 136		
FINANCE & ADMINISTRATION	6 437 352	-	6 437 352	3 978 432	2 458 920	61.81	
Property Services	6 437 352	-	6 437 352	3 978 432	2 458 920		
WASTE MANAGEMENT	-	-	-	-	-	-	
Refuse	-	-	-	-	-	-	
PUBLIC SAFETY	10 200	-	10 200	10 200	(0)	(0.00)	
Traffic	10 200	-	10 200	10 200	(0)		
PARKS RECREATION	4 389 383	-	4 389 383	7 134 380	(2 744 997)	(38.48)	
Parks & Recreation	4 389 383	-	4 389 383	7 134 380	(2 744 997)		
ELECTRICITY	2 597 188	-	2 597 188	2 597 188	(0)	(0.00)	
Electricity Distribution	2 597 188	-	2 597 188	2 597 188	(0)	(0.00)	
Street Lighting	-	-	-	-	-	-	
TOTAL	15 944 450	-	15 944 450	13 722 392	2 222 058	16.19	
Health Other	-	-	-	-	-	-	

APPENDIX F
DISCLOSURE OF GRANTS AND SUBSIDIES
as at 30 June 2011

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Name of Grants							Quarterly Expenditure for the Year					Delay \ withheld	Gazette amount Municipal year	Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		Sep	Dec	March	June	Total	Sep	Dec	March	June	Total					
Equitable Share	DPLG	10 018 857	8 015 086	6 011 314	-	24 045 257	-	-	-	24 045 257	24 045 257	-	24 045 257		yes	
Municipal Systems Improvement Grant	DPLG	750 000	-	-	-	750 000	-	-	-	750	750	-	750 000		yes	
MIG Grants	DPLG	3 270 000	2 380 000	1 480 000	-	7 130 000	-	-	-	8 552 028	8 552 028	-	7 130 000		yes	
Humanitarian Relief Grant	DPLG	-	-	-	-	-	-	-	-	-	-	-	-			
Financial Management Grant	National Treasury	3 000 000	-	-	-	3 000 000	-	-	-	3 000 000	3 000 000	-	3 000 000		yes	
Integrated National Electrification Grant	Dept of Energy & Min	-	-	-	-	-	-	-	-	-	-	-	-			
		17 038 857	10 395 086	7 491 314	-	34 925 257	-	-	-	35 598 035	35 598 035	-	34 925 257			

FINANCIAL STATEMENTS: MUSINA LOCAL MUNICIPALITY

APPENDIX G
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 36(2)
for the year ended 30 June 2011

Department	Supplier	Amount (VAT incl) R	Reason for deviation	Cheque number
Municipal Manager	Ashifa Entertainment	R 8 000	Mayoral Awards - Specific MC	27081
	Ox Machine	R 4 150	The only company who comprehend the nature of the machines to be delivered	31996
Technical	M E S ENGINEERING	R 32 386	The only company in Musina that does repairs and maintenance on technical vehicles	33114
Technical	M E S ENGINEERING	R 40 355	The only company in Musina that does repairs and maintenance on technical vehicles	34101
Community service	Gift and jewellery centre	R 4 954	Urgent additions on the trophies for the mayoral awards	32660
Technical	Electrical winding	R 82 080.00	simultaneous breakdown of 3 transformers at phase 10 & phase 11	34598
Technical	M E S ENGINEERING	R 36 972.60	The only company in Musina that does repairs and maintenance on technical vehicles	34667
Technical	M E S ENGINEERING	R 12 130.97	The only company in Musina that does repairs and maintenance on technical vehicles	31315
Technical	M E S ENGINEERING	R 24 703.80	The only company in Musina that does repairs and maintenance on technical vehicles	30260
Technical	M E S ENGINEERING	R 16 713.08	The only company in Musina that does repairs and maintenance on technical vehicles	29244
Technical	M E S ENGINEERING	R 32 283.20	The only company in Musina that does repairs and maintenance on technical vehicles	30365
Municipal Manager	Afroshine Holdings	R 121 125	Golf Shirts mayoral Awards	31460
Technical	M E S ENGINEERING	R 34 268.40	The only company in Musina that does repairs and maintenance on technical vehicles	31951

450 122.19